

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday January 17 1986

Recession strands North Sea oil minnows, Page 18

Table of exchange rates for various countries including UK, USA, Japan, etc.

No. 29,831

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World news Business summary

Defeated Christian chief flees Lebanon Two top Alusuisse officials to resign

The defeated Christian militia commander Elie Hobeika fled Lebanon aboard a helicopter with his family...

Syria's stand on the latest developments in the Christian camp and the damage done to a reconciliation and reform plan worked out with Hobeika and Moslem militia commanders remained unclear.

Envoy ordered out France ordered South Africa's military attaché to leave the country and will not allow him to be replaced.

S. Yemen talks Talks were reported to be under way in the Soviet embassy in Aden, capital of South Yemen, to end four days of fighting between hardline Marxist rebels and rival Marxist forces backing President Ali Nasser Mohamed.

Lahore protest Several thousand protesters burned US flags in Lahore, capital of Pakistan, to protest at US economic sanctions against Libya.

Algerian vote Algerians voted on a revised version of the constitution that would give the private sector a bigger role in the country's Socialist system.

Spain-Israel link Spain and Israel will establish formal diplomatic relations during a meeting at The Hague today.

Bus ambushed Seven people, including two soldiers, were killed and 38 others wounded when a suspected communist rebel ambushed a bus on the island of Mindanao, south-west Philippines.

IRA suspects held Dutch police arrested three suspected supporters of the Irish Republican Army (IRA) in Amsterdam. The UK has asked to extradite two of them.

Punjab shooting Sikh extremists shot dead the third Punjab policeman in a week as tension rose in the state over a census to determine the future of villages claimed by Hindu-dominated Haryana state.

Norway objects Norway protested to Britain over plans to build a nuclear waste disposal plant on the north Scottish coast. It said the plant would raise the danger of polluting the North Sea.

Moroccan strike Moroccan phosphate mines were brought to a standstill when another 11,000 miners went on strike.

Guards kill three Three Basque youths were killed by Spanish civil guards in San Sebastian, northern Spain, when they opened fire on a lorry.

Ban on Farrakhan US black Moslem leader Louis Farrakhan, who is reported to have praised Hitler and attacked Judaism, is to be banned from entering Britain, UK Home Secretary Douglas Hurd said.

Columbia held up The landing of the US space shuttle Columbia was delayed for a day by bad visibility at Cape Canaveral.

Hanson Trust says it holds 15% of Westland shares

By Lionel Barber in London

HANSON TRUST, the UK industrial conglomerate, emerged yesterday as the mystery buyer of shares in the Westland Helicopter company.

Hanson announced that it held almost 15 per cent of Westland ahead of today's extraordinary general meeting of shareholders in London.

Hanson declined to say which way it intended to vote at the meeting, which is expected to attract up to 4,000 shareholders.

The vote at today's meeting is expected to be a cliff-hanger. The Westland board requires a 75 per cent majority to secure approval of the rescue plan put forward by Sikorsky, the US helicopter maker, and Fiat of Italy.

Lord Hanson said that the share purchases were made without Sir John's knowledge. The letter ended: "With very best wishes for your endeavours. Sincerely, James."

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Moscow suggests ban on missiles in Europe

By William Duffin in Geneva

THE SOVIET UNION has opened up a new angle in the nuclear arms control talks by proposing that all US and Soviet missiles be removed from Europe during the first stage of a 15-year plan to free the world of nuclear weapons.

Lord Hanson explained in the letter that the share purchase was a long-term investment, designed to strengthen the links between one of his subsidiary companies, Air Hanson, which enjoys operational links with Westland and Sikorsky.

Air Hanson operates a small fleet of helicopters used for transporting Hanson Trust executives and other businessmen. It also services helicopters.

Last year, Lord Hanson held talks with the former chairman of Westland, Sir Basil Blackwell, who at that time was searching for a "white knight" designed to fend off a hostile £89m UK consortium bid led by Mr Alan Bristow, the former helicopter operator who now owns a near 15 per cent stake in Westland.

Sir Basil said yesterday: "I met Lord Hanson for half an hour and he was very courteous. But we came to the conclusion that to have"

Continued on Page 20

Italy imposes credit package to defend lira

By Philip Stephens in London

THE ITALIAN Government last night introduced a package of temporary measures aimed at reversing speculation on foreign exchange markets against the lira.

The package includes strict limits on bank credit for the first six months of this year, a requirement on exporters to deposit in advance 75 per cent of their foreign currency receipts, and higher short-term interest rates.

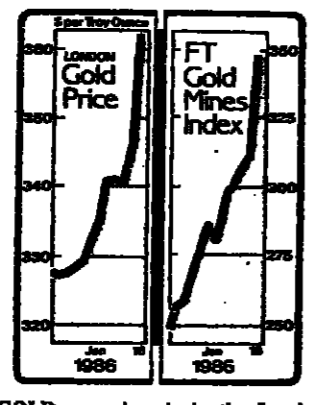
It follows what the authorities called a serious drain on Italy's foreign exchange reserves as a result of speculation that the Government could be forced to devalue the lira within the European Monetary System (EMS).

The Treasury and Bank of Italy both made it clear in separate communiqués yesterday that the measures are regarded as temporary and not a reversal of the official policy towards the liberalisation of financial markets.

But the move reflects the authorities' determination to defend what they referred to as the lira's "realistic and appropriate" rate within the EMS.

The Italian currency was devalued within the EMS by 8 per cent last July but the sharp fall in the value of the dollar in recent months has brought renewed speculation on foreign exchange markets of another EMS realignment.

Continued on Page 20



EEC reforms in balance after Strasbourg vote

By Quentin Peel in Strasbourg

THE EUROPEAN PARLIAMENT last night backed away from outright rejection of EEC reforms agreed by 10 of the 12 member states - but still left its verdict ambiguous and the final result in the balance.

The decision of the 518-strong assembly, after a last-minute plea from Mr Hans van den Broek, the Dutch Foreign Minister, and President of the EEC Council of Ministers, should clear another obstacle from the path towards amendment of the Community's founding Treaty of Rome.

However, the fate of the reforms approved by EEC leaders at their summit in Luxembourg last month now depends on Italy and Denmark, the two member states yet to lift their reservations.

The package is intended to streamline EEC decision-making, reinforce political co-operation between the member states, and give a bigger role to the Parliament.

The Italian Government has made its final acceptance of the reforms, which it regards as too feeble, conditional on the opinion of the MEPs and the Italian Parliament. The Italian members remain those most fiercely opposed.

Denmark, worried that the reforms are too radical in increasing the power of European institutions, looks set to hold a national referendum before coming to a final decision.

Mr Van den Broek yesterday tacitly accepted that the planned signature date of January 27 would have to be put off, but he warned

the MEPs that a negative judgment would provide "a most unwelcome boost to Euro-pessimism." If Italy and Denmark maintain their veto, a "tragic situation" would result, he said.

He insisted, however, that he still expected their reservations to be dropped and the package to be signed at an early meeting of EEC foreign ministers. All the national parliaments must then ratify the deal.

The Dutch Foreign Minister, while expressing his own disappointment at the modesty of the final reform package, warned that eventually 10 or 11 member states might get together and sign, to step up the pressure on the others.

Danish opposition warning.

Continued on Page 20

OECD warning over stability of dollar

By David Marsh in Paris

THE WORSENING international investment position of the US risks starting a decline in the dollar which could send a deflationary shudder through the world economy, the Organisation for Economic Co-operation and Development (OECD) warns in a report on the US economy published today.

The OECD Secretariat says the US, three years into economic recovery, is likely to register moderate real growth in gross national product of 2.75 per cent this year, up from 2.5 per cent last year but below the latest Administration forecasts of 3 to 3.5 per cent for the year to October 1986.

Stepping up calls for action to reduce burgeoning US deficits in the federal budget and on the current account, the OECD says these imbalances are attracting large flows of foreign capital into the US at a

rate which is unlikely to be sustainable. The report, which was finalised before President Ronald Reagan approved reformed budget procedures last month aiming at spending cuts under the Gramm-Rudman Act, says "overall, decisive, credible action to reduce the federal budget deficit over the medium-term should be a key objective of policy."

The Secretariat says the September Group of Five agreement designed to bring about an orderly fall in the dollar has probably "significantly reduced" the prospect of a delayed correction and subsequent collapse of US currency.

None the less, it points to the dangers connected with the US

Continued on Page 20

GTE writes off \$1.3bn and joins venture with Siemens

By Terry Dodsworth in New York

GTE, the US telecommunications group, is to take a \$1.3bn write-off in the fourth quarter as the result of a sweeping reorganisation involving new partnership agreements with Siemens of West Germany and United Telecommunications of the US.

The write-off reflects the cost the company is paying to abandon a go-it-alone strategy in the two major markets of long-distance communications and advanced digital telecommunications network equipment. As a result of the action, GTE will be pushed into loss for 1985 after making net profits of \$48m in the first nine months and a little over \$1bn in 1984.

Mr Theodore Brophy, chairman and chief executive of GTE, said yesterday that the joint ventures would have no detrimental effect on dividend policies and would result in improved future cash flow.

"When the two joint ventures are completed, along with the related repositionings, GTE will be better prepared to compete and grow in our three core global businesses: telecommunications, lighting and precision materials," he said.

Under the terms of the long-distance communications agreement, GTE is to combine its GTE Sprint unit with its new partner's US Telecom business, consolidating its position as the third largest supplier of long-distance capacity in the US.

Sprint already has about 4 per cent of this \$50bn-a-year market and although United Telecommunications has less than 1 per cent it is committed to a rapid \$1bn expansion of its present fibre-optic network.

The agreement between GTE and United is a further step in the restructuring of the US long-distance telephone market after the break-up of AT&T under the US anti-trust regulations three years ago. AT&T still dominates the business with a market share of about 80 per cent, followed by MCI Communications, which has about 7.5 per cent and recently linked up with IBM's SBS unit.

GTE has found it prohibitively expensive to break into the market,

spending about \$2.5bn on acquiring and expanding Sprint, which ran up an operating loss of \$191m last year. But by linking with United it will be able to spread the costs of investment in a new fibre-optics network.

In addition, GTE and United are combining their computer data transmission services, GTE Telemet and Uninet, in a move that will create the dominant carrier in the business.

The agreement with Siemens brings together two of the world's leading manufacturers of advanced telephone switching systems at a time when the US market for telephone exchange equipment is expanding rapidly. Analysts see the deal as an attempt to match up GTE's expertise in the US market - where standards differ widely from those in Western Europe - with Siemens' technology.

The switching and transmission equipment market in the US is also dominated by AT&T, followed by Northern Telecom of Canada and GTE.

Advertisement for 21 Knightbridge at Hyde Park Corner, Corporate Headquarters Office Building, 25,500 sq. ft., featuring Drivers Jonas as sole agents.

Table of contents listing various sections and their page numbers: Europe (2, 3, 12), America (21), Overseas (21, 22), World Trade (24), Britain (10, 11), etc.

EUROPEAN NEWS

Opposition warning on Danish referendum

By Hilary Barnes in Copenhagen

THE REFERENDUM which the Danish Government plans to call to seek approval for the EEC reform package must not become a vote on membership of the Community, says the opposition Social Democratic Party.

Mr Ivar Noergaard, the party's EEC affairs spokesman, said yesterday: "It would be extremely foolhardy of the Government to push this line of argument. It could have tragic consequences. The referendum will only be seen as a 'yes' or 'no' to membership if supporters of the reforms present it in this way."

The crisis has arisen because Mr Poul Schluter's minority non-Socialist coalition need the Social Democrats to obtain a majority in the Folketing (Parliament) for signing the reform agreement, negotiated by the EEC heads of government in Luxembourg last month.

The Social Democrats object to the proposals on the grounds that they give increased influence to the European Parliament, and may prevent Denmark from giving measures to protect the environment precedence over those designed to remove technical barriers to trade.

Mr Noergaard pointed out yesterday that paragraph 23c in the Rome Treaty states that treaty changes can only be made unanimously. "We have the same right to say 'no' to treaty changes as other countries, including the big countries."

Danish opponents of EEC membership have always said they fear Denmark will not be able to assert its voice against those of the big countries. "The opponents will be proved right if the other members begin to threaten us and say we cannot decide because we are small," said Mr Noergaard. "If they really kick out at a small country for standing up for its rights, then most Danes will say that we are in the wrong company."

Although the reform issue is an important one, he doubted whether it is so important that the other countries will ignore the Danish stand (assuming the referendum rejects the reforms) and he did not see how the other 11 could bypass Denmark.

Geoffrey Owen analyses the case against increasing the Community's external barriers to manufactured goods  
Greater EEC protection 'likely to delay industrial adjustment'

The governments of the European Community agree, at least in principle, on the need to remove internal barriers to trade. There is an influential body of opinion, especially in France, which wants to combine this policy with greater external protection at the Community level.

The argument is that this two-track approach will provide European industry with the competitive stimulus that comes from a greatly enlarged home market, while protecting it from countries whose cost structures and social systems are wholly different from those of Europe. Protection at the EEC level it is suggested, will facilitate both the necessary adjustment of older industries like steel and textiles and the hoped-for growth of newer sectors like electronics.

Both the economic rationale and the political flexibility of

this approach are strongly questioned in a study published today by the Royal Institute of International Affairs. Differences of view among member states, the study suggests, are likely to rule out any concerted shift towards greater EEC protection.

Nevertheless, some piecemeal moves have been made in this direction; the increase in tariffs on compact disc players is one example. The view that Europe, however efficient it becomes, will never be able to compete with countries like Japan, South Korea and Taiwan is widely held.

The authors of the study accept that shifts in comparative advantages can sometimes be disruptive and that temporary assistance for the affected industry may be needed.

The textile industry was a

case in point, but the adjustment problem which that industry faced certainly did not justify either continuing public subsidies or the "semi-permanent" character which the Multi Fibre Arrangement has acquired.

The great danger with protection is that it is more likely to delay adjustment than to stimulate it. In the European car industry, for example,

It is sometimes argued that European companies in high-technology sectors need support and protection during their "infant" stage if they are to achieve the economies of scale needed for international competition. The authors, however, say this argument can only be justified if the company developing the new product is unable to "internalise" the benefits from the investment.

which is needed. In high-technology sectors, it is sometimes argued that European companies need support and protection during their "infant" stage if they are ever to achieve the economies of scale needed for international competitiveness.

The authors say that infant industry arguments can only be justified if the company developing the new product is unable for one reason or another to "internalise" the full benefits from the investment.

This does not apply to Philips' compact disc player, where the protection given is questionable on economic and legal grounds.

A rather better example is the Airbus, where subsidy and preferential procurement (in France and Germany) created the basis for an attack on world

markets which in terms of sales has been relatively successful. But even if the Airbus ultimately achieves respectable returns on the taxpayers' investment, it is doubtful whether governments can use this experience as a model for other high-technology ventures.

To do so would require them to identify projects which, although unable to attract funds from the market, will in the long run yield important benefits for Europe. Governments are not good at picking winners.

The authors conclude that the development of a European industrial base must be a matter for companies rather than governments. While financial incentives to encourage collaboration between companies can be helpful, they are far less important than the removal of internal barriers within the Community.

The authors point to two further steps which are needed. One is a more consistent competition policy based on the realities of the world market. The ruling by the German cartel office in the Grundig-Thomson case, for example, was based on too narrow a view of the national market; given an open trading policy, a high degree of concentration in the European market may be acceptable and even desirable in some industries.

The other is a common approach to incentives for inward investment, to prevent foreign companies playing one Community partner off against another.

Turkey considers making lira fully convertible

By DAVID BARCHARD IN ANKARA

TURKEY'S GOVERNMENT is contemplating moving towards full convertibility of the lira in the second half of the year despite an inflation rate of 43 per cent in 1985. But opinion appears divided about how far and how fast the process should go.

"The benefits of convertibility would be tremendous," says a top official. "Once we become convertible, I believe the rate of inflow of foreign investment to Turkey will double or treble."

Mr Turgut Ozal's Government wants to speed up the inflow of foreign capital as domestic savings and private investment have languished over the past seven years. "Unless investment picks up, the recovery will gradually slow down," he warns. Only \$96m flowed into Turkey in foreign investment in 1984 and the Government's target for 1985 was around \$150m, making very little difference to the overall balance of payments.

Government officials believe convertibility would reassure potential investors. "Convertibility is the best guarantee for them," says one, discounting claims that it would disturb the money markets seriously.

Turkey already has an embryonic futures market in foreign currency, he says, and

the volume of transactions is growing steadily. Funds have started to flow from both West German accounts belonging to migrant workers and Swiss accounts held by wealthy Turks.

"I don't foresee a flow out of the country. The more liberal we become, the more money will flow in. You don't need a reserve of foreign currency if you have a reserve of confidence," he says.

An economics professor who is a staunch supporter of the trade liberalisation programme disputes this however. "There is not convertibility in the full sense at present," he says, pointing out that although ordinary Turks can buy foreign currency in batches of \$1,000, in practice banks tend to put restrictions in their way.

"Real interest rates would have to be even higher and you would need to calculate the forward value of the lira. No one can guess what the market equilibrium rate of the lira would be, while inflation remains around 40 per cent or more," he says.

However, a central bank official said he was more worried about the problems a capital inflow would cause if Turkey had full convertibility.

Spain expected to announce Israel link

By Tom Burns in Madrid

SPAIN has braced itself for an Arab backlash over its decision to extend formal diplomatic relations to Israel. The exchange of ambassadors is likely to be announced today although this was not confirmed by officials who cited security reasons.

Arab ambassadors here were notified a week ago by Mr Francisco Fernandez Ordóñez, the Foreign Minister, that relations with Israel would be established within the first six months of this year. An immediate consequence was a decision by the secretary general of the Arab League, Mr Chadi Kilibi, to call off a visit to Spain planned for later this month.

Mr Fernandez Ordóñez's briefing has provoked widespread unfavourable comments in Arab media. The pro-Government Tunisian newspaper La Presse termed Madrid's decision a "betrayal" of Spain's traditional policy of friendship with the Arab world.

Officials said yesterday that the exchange of ambassadors would be accompanied by a gesture towards the Palestine Liberation Organisation which has a representative in Madrid. This could involve upgrading the Palestine status in Spain.

W. Germans spend DM 500m more abroad

By JONATHAN CARR IN FRANKFURT

WEST GERMANY'S payments deficit on foreign tourism rose by about DM 500m (£140m) to DM 24.5bn (£6.9bn) in 1985 and is likely to increase sharply in future, the Bundesbank said in its latest monthly report released today.

While West Germans raised their spending on holidays abroad by 6 per cent to DM 42bn, foreigners — especially Americans — boosted spending in West Germany by 12 per cent to DM 17.5bn. The resulting deficit for the

West Germans is below the record level of DM 26.2bn of 1982, but far above the figures of the early 1970s when the tourist balance was less than DM 10bn in the red.

The central bank comments that after a period of stagnation West German spending on holidays abroad picked up from mid-1984, thanks to improving economic conditions at home.

It adds that the trend is likely to intensify, thanks to high real incomes, more free time and the growing number of people with

jobs (despite an unemployment level still averaging well over 2m).

The Bundesbank's analysis indicates that despite its record visible trade performance, West Germany's current account (visible and invisible transactions together) may start to show a smaller surplus before long.

Last year's tourism deficit of DM 24.5bn is alone equal to about one third of the country's visible trade surplus of more than DM 72bn. West Germany also has big deficits on other "invisible" transactions such as payments to the EEC budget and transfers home by foreign workers here, but exact figures have not yet been announced.

This year the D-mark is expected to strengthen, not least against the US dollar. It is felt that this may partly depress visible exports, somewhat discourage foreign tourist visits here — and encourage West Germans to travel still more abroad.

Leap in Yugoslav prices likely

By ALEKSANDAR LEBL IN BELGRADE

OFFICIAL talk of the possibility of price freezes this year has spurred Yugoslav companies to make "pre-emptive" increases in their prices, Mr Janez Zemljarić, vice-premier responsible for economic policy, yesterday told the central committee of the ruling League of Communists.

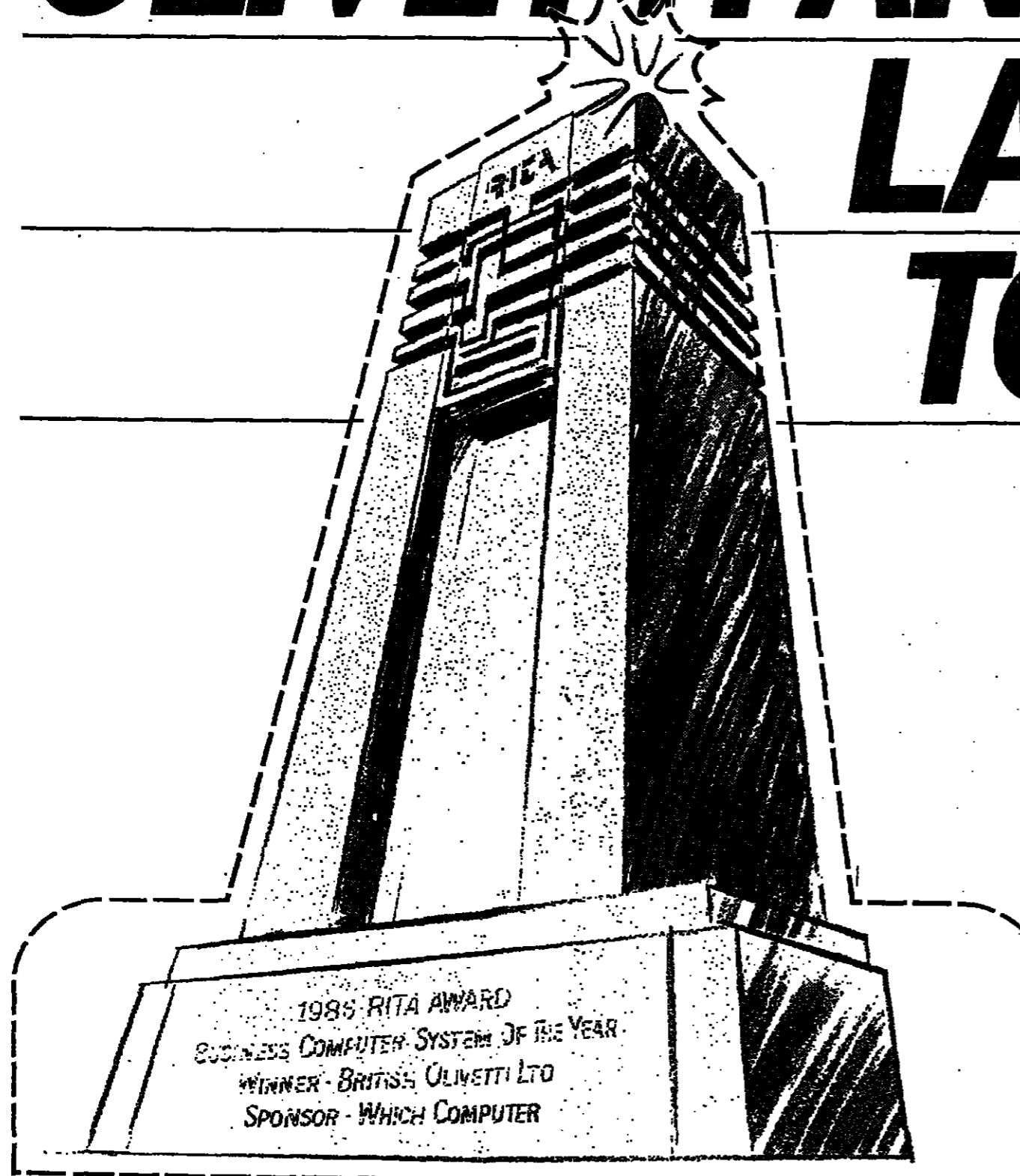
As a result, most officials and economists now expect prices to rise 8 per cent or more this month alone. This runs far counter to the Government's goal of reducing the average monthly price increase to 3 per cent this year, and the year-on-

year increase to around 40 per cent. Compared with December 1984, wholesale prices last month stood 81.3 per cent higher and retail prices 79.5 per cent higher.

Despite surging inflation, the trend since 1980 of falling real wages was last year reversed, with pay increases outstripping the rise in prices by an average of 1 per cent. The prospect of ever-higher prices and also of reduced interest rates on consumer credit has induced an unprecedented buying spree. Shop and factory inventories, which had risen for most of

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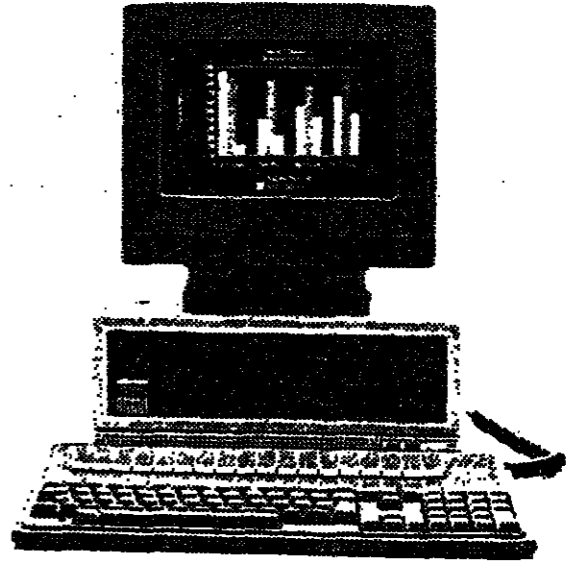
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EUROPEAN NEWS

IG Metall opens tough wage bargaining round

BY RUPERT CORNWELL IN BONN
IG METALL, the West German engineering union, yesterday lifted the curtain on what promises to be a tough and highly-politicised 1986 pay bargaining round by demanding a new national labour contract guaranteeing increases of between 6 and 7.5 per cent.

Sweden lowers discount rate

BY Kevin Done, Nordic Correspondent in Stockholm
SWEDEN yesterday lowered the discount rate from 10.5 per cent to 9.5 per cent and Mr Bengt Dennis, governor of the Riksbank, the central bank, said the move should signal that general interest levels in Sweden had fallen. The move was expected in the wake of last week's budget.

DEREGULATION AND INCREASED COMPETITION STRESSED French Right unveils poll platform

BY DAVID HOUSEGO IN PARIS

THE FRENCH opposition parties in their election programme announced yesterday, start by condemning the Socialist Government for allowing French economic growth to fall one percentage point behind the European average.

THE LATEST public opinion poll published yesterday gave support to the Right's ambitions by showing that an present voting intentions the neo-Gaullist RPR and the centrist UDF would have an absolute majority of 91 seats in the new National Assembly, writes David Housego.



bringing in a Thatcher or Reagan style of 'savage liberalism'.

deficit in the 1987 budget will depend on the economic circumstances at the time. But the opposition envisages a cut in public spending in 1987 of 1 per cent of GNP—equivalent to about FFR 40bn.

Former partner of SMH jailed on fraud charge

BY JONATHAN CARR IN FRANKFURT
THE FIRST sentences were handed down yesterday on three defendants in a trial stemming from one of West Germany's biggest postwar banking scandals.

The two former partners were found guilty of fraud and abetting, in connection with SMH's links to IBH, a tottering building machinery group which finally went bankrupt.

other forms of transport. It also says its will open up to competition telecommunications links between companies, on international circuits and in new services.

Denationalisation: The programme promises that a framework law will be put through "without delay," covering "the banks and financial holding companies, the insurance groups, the radio and television sector, the major industrial companies and the shedding of other state shareholdings where a buyer can be found."

Macroeconomic policy: The key plank is a "year by year reduction" in the share of public expenditure in the national wealth. The objective is that public debt should no longer grow faster than national wealth.

Kohl and Mitterrand to step up military co-operation

BY RUPERT CORNWELL IN BONN

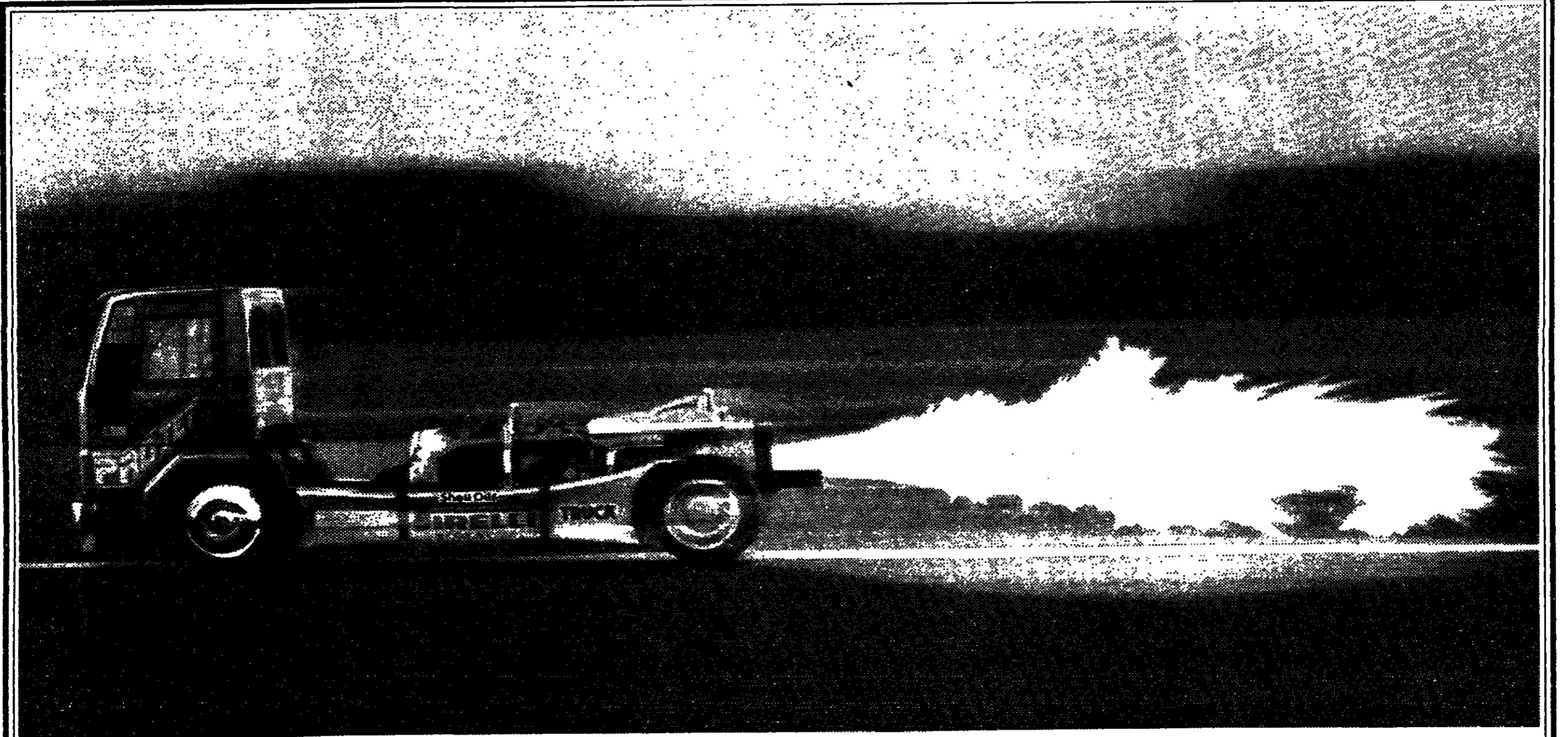
CHANCELLOR Helmut Kohl and President Francois Mitterrand yesterday kicked off what is billed as a "major year for Franco-German relations" with a promise to intensify military co-operation between the two countries.

alone met 10 times held talks during a visit by the West German Chancellor to the French military headquarters in West Germany at Baden-Eden.

Yesterday's meeting was to help prepare the next regular consultations between Mr Kohl and Mr Mitterrand, scheduled for Paris at the end of February.

nuclear bases, to help guarantee their ability to retaliate to enemy attack.

belonged to a French president alone. One item apparently not discussed was the vexed topic of an early West German commitment to the French Hermes space shuttle project.



Steve's abnormal load.

The strange contraption you see above is Steve Murty's Pirelli Pro-Jet Truck. And it is designed to deliver its cargo a distance of exactly 1/4 mile in around 10 seconds, with a terminal velocity of over 176 mph.

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OVERSEAS NEWS

Pretoria blockade breaks Lesotho resistance

BY ANTHONY ROBINSON IN JOHANNESBURG



THE TINY landlocked kingdom of Lesotho is bearing the brunt of a renewed South African Government offensive against the banned African National Congress (ANC).

Senior officials from South Africa and Lesotho are due to meet in Pretoria today or Monday to discuss the formation of a joint frontier security commission.

Officials from the South African Foreign and Internal Ministries, the National Intelligence Commission, the South African Defence Force and the South African Police will take part in the talks with their counterparts from Lesotho.

plies dwindled or rotted in the long queues at the border crossing.

Defeated Christian leader flies out of Lebanon

BY NORA DOUSTANY IN BEIRUT

THE DEFEATED Christian militia commander, Mr Elie Hobeika, fled Lebanon yesterday aboard a helicopter with his family and key aides as pro-Syrian militiamen pounded Christian mountain villages raising fears of renewed sectarian violence.

rights," one militiaman said. He guided us through heaps of spent shell casings, blood-spattered pavements and shattered glass.

The surgical strike against Mr Hobeika by followers of Christian hardliner Mr Samir Geagea and members of the Phalange Party Wednesday underscored opposition to a Syrian-brokered peace pact aimed at ending a decade of civil war.

In the mountain resort town of Bickfaya, where the Lebanese President, Mr Amin Gemayel, huddled with commanders and advisers to monitor the crisis Wednesday, few residents ventured out in the streets to welcome Lebanese army soldiers heading for the new front at Dour.

Business group assails Marcos

BY SAMUEL SENOREN IN MANILA

THE highly-influential Philippine Chamber of Commerce and Industry (PCCI) yesterday openly assailed the Government of President Ferdinand Marcos for mismanaging the economy, indulging in excessive spending and favouring failed businesses owned by close friends and associates.

standing for re-election on February 7.

Sudanese army breaks strike

By John Murray Brown in Khartoum

THE ARMY was used to break a strike in El Obeid, a town 400 km west of the Sudanese capital of Khartoum, Gen Abbas Medani, the Interior Minister, confirmed to journalists yesterday.

Morocco fails to make first debt repayment

BY FRANCIS GHILES

MOROCCO IS now seven weeks late in paying the \$85m it owes international banks, the first tranche of the rescheduled \$550m commercial debt package it signed October 21, last year.

opened the prospect of renegotiating the 1986-88 bank debt.

South Korean opposition warned

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA'S President, Mr Chun Doo-hwan, yesterday issued a toughly-worded New Year's policy statement. He warned his opponents against attempts to revise the constitution and repeated his pledge to stand down in 1988, when his term of office expires, in order to pave the way for Korea's first peaceful transfer of presidential power.

versy at this critical juncture over whether or not to amend the constitution would lead to the folly of dividing public opinion and dissipating national energies," he said.

Japan seeks talks about Soviet-held islands

By Jurek Martin in Tokyo

JAPAN IS trying to extract a recognition from the Soviet Union that its claim to sovereignty over the Kuril Islands off its north coast was a subject susceptible to bilateral negotiations.

Officials from both sides met last night to try to work out the wording of a promised communiqué on the talks here between the two foreign ministers, Mr Shintaro Abe and Mr Eduard Shevardnadze.

Tribesmen take sides in S. Yemen fighting

BY PATRICK COCKBURN IN MOSCOW AND KATHLEEN EVANS IN DUBAI

FIGHTING CONTINUED for the fourth consecutive day in South Yemen with indications that tribesmen from outside the capital were coming to the aid of opposition forces in Aden.

A bomb blast rocked an Abu Dhabi office building yesterday, shattering windows of a tennis bureau representing South Yemeni and Syrian airlines, officials told AP. The explosion was described as "minor" and no one was reported injured.

Two regions—Awaj to the east of Aden and Ad-Dali to the north—were reported to have remained loyal to the Government.

is visiting Moscow for consultations. He is said to have flown to the Soviet capital from New Delhi.

LPC INTERNATIONAL FINANCE N.V. 8% CONVERTIBLE SUBORDINATED GUARANTEED DEBENTURES DUE 1989

NOTICE OF DECLARATION OF DISTRIBUTION TO HOLDERS OF COMMON STOCK

NOTICE IS HEREBY GIVEN by LPC INTERNATIONAL FINANCE N.V. (the "Company"), pursuant to Sections 1104F and 1106 of the Indenture dated as of June 15, 1979 (the "Indenture"), among the Company, Lear Petroleum Corporation, as Guarantor (the "Guarantor"), and Citibank, N.A., as Trustee, under which the above captioned Debentures were issued, that (i) the Guarantor will make a distribution on February 14, 1986 to holders of the Guarantor's Common Stock, \$0.10 par value, of Depository Units ("Units") representing limited partnership interests in Lear Petroleum Partners, L.P., a limited partnership (the "Partnership"), on the basis of one Unit for each 40 shares of the Guarantor's Common Stock held of record at the close of business on January 2, 1986 (the "Record Date") and (ii) as a result of that distribution, the adjusted conversion rate for each Debenture after the Record Date will be \$1.0334 shares for each \$1,000 principal amount of Debentures (equivalent to a conversion price of approximately \$19.59 per share of Lear Common Stock).

A written Prospectus, as supplemented, meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended, may be obtained from Lear Petroleum Partners, L.P., 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206, Attention: Mr. H. Monroe Helm, III. Holders of record of the Guarantor's Common Stock on the Record Date and, in addition, any holder of the captioned Debentures who converts the same into shares of the Guarantor's Common Stock during the period between the Record Date and January 28, 1986 will be entitled to receive the number of Units that he would have been entitled to receive if such Debentures had been converted into shares of Guarantor's Common Stock prior to the Record Date.

LPC INTERNATIONAL FINANCE N.V. De Ruyterkade 62 Curacao, Netherlands Antilles

Dated: January 17, 1986

TO THE HOLDERS OF LPC INTERNATIONAL FINANCE N.V. 8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1985

NOTICE OF DECLARATION OF DISTRIBUTION TO HOLDERS OF COMMON STOCK

NOTICE IS HEREBY GIVEN by LPC INTERNATIONAL FINANCE N.V. (the "Company"), pursuant to Sections 1104F and 1106 of the Indenture dated as of October 15, 1980 (the "Indenture"), among the Company, Lear Petroleum Corporation, as Guarantor (the "Guarantor"), and Citibank, N.A., as Trustee, under which the above captioned Debentures were issued, that (i) the Guarantor will make a distribution on February 14, 1986 to holders of the Guarantor's Common Stock, \$0.10 par value, of Depository Units ("Units") representing limited partnership interests in Lear Petroleum Partners, L.P., a limited partnership (the "Partnership"), on the basis of one Unit for each 40 shares of the Guarantor's Common Stock held of record at the close of business on January 2, 1986 (the "Record Date") and (ii) as a result of that distribution, the adjusted conversion rate for each Debenture after the Record Date will be \$9.3649 shares for each \$1,000 principal amount of Debentures (equivalent to a conversion price of approximately \$25.40 per share of Lear Common Stock).

A written Prospectus, as supplemented, meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended, may be obtained from Lear Petroleum Partners, L.P., 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206, Attention: Mr. H. Monroe Helm, III. Holders of record of the Guarantor's Common Stock on the Record Date and, in addition, any holder of the captioned Debentures who converts the same into shares of the Guarantor's Common Stock during the period between the Record Date and January 28, 1986 will be entitled to receive the number of Units that he would have been entitled to receive if such Debentures had been converted into shares of Guarantor's Common Stock prior to the Record Date.

LPC INTERNATIONAL FINANCE N.V. De Ruyterkade 62 Curacao, Netherlands Antilles

Dated: January 17, 1986

TO THE HOLDERS OF LPC INTERNATIONAL FINANCE N.V. 8% CONVERTIBLE RESET NOTES DUE 1997

NOTICE OF DECLARATION OF DISTRIBUTION TO HOLDERS OF COMMON STOCK

NOTICE IS HEREBY GIVEN by LPC INTERNATIONAL FINANCE N.V. (the "Company"), pursuant to Sections 3.04 and 3.05 of the Indenture dated as of October 15, 1985 (the "Indenture"), among the Company, Lear Petroleum Corporation, as Guarantor (the "Guarantor"), and Allied Bank of Texas, as Trustee, under which the above captioned Notes were issued, that (i) the Guarantor will make a distribution on February 14, 1986 to holders of the Guarantor's Common Stock, \$0.10 par value, of Depository Units ("Units") representing limited partnership interests in Lear Petroleum Partners, L.P., a limited partnership (the "Partnership"), on the basis of one Unit for each 40 shares of the Guarantor's Common Stock held of record at the close of business on January 2, 1986 (the "Record Date") and (ii) as a result of that distribution, the adjusted conversion rate for each Note after the Record Date will be 62.5885 shares for each \$1,200 principal amount of Notes (equivalent to a conversion price of approximately \$19.17 per share of Lear Common Stock).

A written Prospectus, as supplemented, meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended, may be obtained from Lear Petroleum Partners, L.P., 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206, Attention: Mr. H. Monroe Helm, III. Holders of record of the Guarantor's Common Stock on the Record Date and, in addition, any holder of the captioned Notes who converts the same into shares of the Guarantor's Common Stock during the period between the Record Date and January 28, 1986 will be entitled to receive the number of Units that he would have been entitled to receive if such Notes had been converted into shares of Guarantor's Common Stock prior to the Record Date.

LPC INTERNATIONAL FINANCE N.V. De Ruyterkade 62 Curacao, Netherlands Antilles

Dated: January 17, 1986

Cellcall Cellular Phones advertisement with phone number 01-283 1122 and promotional offer.

Distillers' shareholders have recently been bombarded with opinions from James Gulliver, chairman of the Argyll Group of Companies.

He claims that Distillers suffers from "an inbred management culture."

Its problems, he argues, "can only be cured by a change of control and the introduction of new, vigorous management."

The fact is, his opinions are two years out of date. In 1983, John Connell was appointed chairman of Distillers.

He brought with him an entirely new management philosophy. And set about revitalising the company.

### A RADICAL CHANGE IN MANAGEMENT.

The management committee that had run Distillers for decades has been abolished.

The main business areas are now the responsibility of individuals.

The management of famous brands like Johnnie Walker, Dewar's and Gordon's is also in the hands of individuals.

Division was established to promote better the marketing of our Scotch whiskies. It will soon be integrated with our white spirits division.

Decline has now become growth.

In the first six months of this financial year, sales of Johnnie Walker Red Label rose by 37%.\*

Cardhu Single Malt was up by 51%.\* And Gordon's Gin continued to dominate with around 50% of the gin market.

Argyll also argue that Distillers have neglected the vital area of new product development.

In fact a New Products department was established in 1984.

Currently, there are more than fifty new concepts under examination.

### BRAND-BUILDING ABROAD.

This time, Mr. Gulliver travels back as far as the 1970's in his attempt to belittle

management team has been to protect value worldwide, thereby guaranteeing the highest return to shareholders.

Thus Distillers' de-luxe brands account for just 20% of Scotch whisky volume, but 43% of profits.

Distillers' exports of Scotch whisky to the U.S., the largest drinks market in the world, are worth more than those of all its competitors.

### A FRESH LOOK AT PRODUCTION.

Thus far, Argyll have had little to say about improving Distillers' production performance.

This could be because they recently sold their Loch Lomond distillery, following "a policy decision to reduce investment in Scotch whisky production."

Distillers, meanwhile, have been making great strides in the area of cost efficiency.

The new management team has continued to tackle the problem of excess stocks of maturing Scotch whisky.

# Sorry, Argyll. You are two years too late.

Accordingly, decision-making is more efficient and the response to world market changes is faster.

Needless to say, Distillers' new style of management has necessitated the recruitment of new and highly-motivated personnel.

Argyll make much of the marketing staff they have recruited from among Britain's top companies.

We too have employed able people from successful companies like Unilever and Beechams.

But, more importantly, we have also recruited young and talented marketing executives from within the drinks industry itself.

In our 1985 Report and Accounts we said we were considering a share option scheme. It is designed to motivate our key people and ensure their commitment to Distillers.

We intend, after the offer, to put this to our shareholders for their approval.

### A NEW APPROACH AT HOME.

Argyll believe that the performance of Distillers in the home market has been less than impressive.

In the circular announcing their offer they quote sales figures from as far back as the early 1960's to bolster their argument.

The facts are these:

In April 1984, a Distillers Home Trade

Distillers' performance overseas.

We believe that he has undervalued what has happened in the last two years, including the purchase of an American distributor and bourbon producer for 250 million dollars.

And the increase in advertising and marketing budgets of over 17% in the same period.

In the all-important U.S. Market, Tanqueray is now the number one best-selling imported gin and Dewar's is the number one Scotch whisky.

In the 12 months to September 1985, worldwide sales of Johnnie Walker Black Label increased by 26%. And in the vital duty-free spirits market, Distillers' whiskies, gins, vodkas, cognacs and Pimm's together now hold 23%.

### A VALUE STRATEGY WORLDWIDE.

It is interesting to note that Argyll's criticisms largely refer to volume share.

This is no surprise since their own background is in discount retailing.

But they really should be aware that the international drinks business is as much to do with value as volume.

One of the main tasks of the new

Gin and whisky bottling plants have been rationalised and modernised.

And between March 1984 and September 1985, Scotch whisky blending and bottling costs were reduced by 19%.

### FUTURE GROWTH.

To listen to Argyll, you would think that success in the international drinks business can be achieved overnight.

In reality it is much to do with astute marketing and image building over a period of many years.

The recent upturn in Distillers' fortunes reported here is more than encouraging. Yet the changes implemented since 1983 were intended for long-term growth.

The major benefits have still to be reaped.

We will continue with the strategy of protecting and maintaining our famous brands.

Product innovation will continue through line extension and the introduction of new brands.

Our experience in the drinks business will be coupled with a positive attitude towards acquisition.

We believe Argyll have little to bring to our business.

In our opinion, their highly-g geared offer could easily throw Distillers into reverse.

We urge you to reject the offer.

**The Distillers Company plc.**

This advertisement is published by The Distillers Company plc, whose directors (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. Each of the directors accepts responsibility accordingly.

\*Source: DCL Home Trade Case Sales statistics comparing the same period in the previous year. Argyll's Offer Documents. DCL Defence Document. Argyll's Report and Accounts 1984/85. Distillers' sales statistics.

# WORLD TRADE NEWS

## UK says Gatt talks will focus on trade in goods

BY CHRISTIAN TYLER, TRADE EDITOR

INTERNATIONAL trade negotiations due to be launched later this year will focus principally on barriers to exports of manufacturers, according to a British Government policy statement in London last night.

Setting out for the first time UK objectives in the coming talks in the General Agreement on Tariffs and Trade (Gatt), Mr Leon Brittan, Trade and Industry Secretary, put unexpected emphasis on the traditional work of the Gatt.

The minister recognised the importance of framing rules also on trade in services and agriculture, topics that have dominated Gatt discussions for the past two years, largely at the insistence of the US.

But, significantly, he said these issues should be "kept in proportion."

Mr Brittan, who is at the centre of a political row over the Government's handling of rival US and European bids for the rescue of the Westland helicopter company, appeared to be at pains to voice the concerns of British manufacturing industry.

The Government has been under pressure from industry to declare its unambiguous support for traditional hardware exports.

In a speech to the International Chamber of Commerce, Mr Brittan insisted that tariff barriers put up against manufactured goods were still significant.

The UK would aim, through

discussion with EEC partners, to eliminate so-called "tariff peaks." These are the abnormally high rates imposed by some developed countries on selected goods as well as import duties, sometimes exceeding 100 per cent levied by even the stronger developing countries.

It was not necessary, nor was it politically acceptable to Brittan, that stronger developing countries with competitive export industries and cheap or free access to the richer markets should maintain high tariff protection, Mr Brittan said.

Negotiations to remove these unequal arrangements would, however, be "long and difficult."

The minister plainly suggested that rich countries would have to open their markets to textiles and clothing, at present limited by the Multifibre Arrangement, in return for concessions on other goods.

He was confident, he said, that countries would agree to try to frame rules for trade in services, which now accounted for 20 per cent of world trade.

"Because of the novelty of a services negotiation, it is going to be a long haul."

Agriculture was a pressing problem, too, but unlimited export subsidies were no answer since overseas markets were now in surplus too. "That is why change is as much in the interests of agriculture as of the country as a whole," Mr Brittan said.

## Bayer in \$25m deal over US trade mark

By Jonathan Carr in Frankfurt

BAYER, the West German chemicals group, is paying \$25m (£17.5m) to buy back the partial right to use its trademark in the US from Sterling Drug of New York.

The German company will now be able to use the name Bayer for its industrial chemical products sold in the US, but still not for its consumer goods or pharmaceuticals.

Sterling Drug will still be able to market its aspirin throughout the US using the Bayer name and symbol — the word Bayer written as a cross within a circle.

Sterling Drug bought the right to the trademarks in 1919, after all Bayer's assets in the US had been confiscated by authorities there at the end of World War I.

In 1970, Bayer was able to win back the right to use its trademark throughout most of the world—but with the notable exception of the US.

In a related action, Bayer also announced yesterday that it planned "in the foreseeable future" to rename Rhinocem, its American holding company, Bayer US Inc.

Both moves are intended to boost the company's profile in the US. Bayer has been expanding strongly there, above all since the early 1970s, and now has a US annual business volume of about \$4bn.

## Hitachi colour TV plan for W. Germany

BY JOHN DAVIES IN FRANKFURT

HITACHI, the Japanese electronics group, will soon start making colour television sets in West Germany as part of a steady expansion in its European production operation.

It plans to make about 50,000 colour TV sets a year at its Landsberg plant in Bavaria, where it already produces video-recorders.

The sets, aimed primarily at the West German market, will be manufactured from April. The company claims the sets will have a relatively high 80 per cent European content, including parts imported from Hitachi's TV set and video-recorder factory in the UK.

Hitachi's UK factory is expected to boost its TV set output substantially to about 600,000 this year.

The Japanese company started up its Landsberg plant just over two years ago and has

JVC, a leading Japanese consumer electronics company, is nearly tripling its compact disc production, citing "dramatically increasing worldwide demand." Carla Rapoport writes from Tokyo.

The company said yesterday that it plans to raise its monthly production capacity from 1m discs to 1.7m next month and to 2.7m by July.

This will mean an annual production capacity of more than 20m discs, which will be the largest in Japan. Internationally, JVC claims it will then be second only to PolyGram of West Germany.

JVC is investing ¥5bn (£15m) on expanding its disc production facility. JVC began producing compact discs in 1984.

TV set production as significant new competition for European manufacturers.

Production would be on a relatively small scale and would to some extent be replacing supplies from Japan or the UK.

Mr Watanabe said that Hitachi was also studying the possibility of producing compact-disc players in Europe. But he gave no indication of where such production might take place.

Hitachi is one of a cluster of Japanese consumer electronics companies to have set up production operations in West Germany in recent years, either on their own or with European partners.

In one major venture, JVC of Japan joined with European companies in video-recorder assembly operations in both West Berlin and Newhaven in the UK.

## Britoil signs offshore search pact with Thais

By Soonsong K'Thans in Bangkok

BRITTOIL, the UK oil exploration company, has signed an agreement with Thailand involving investment of at least \$27.5m (£19.5m) over the next eight years to explore for hydrocarbons over a 13,400 square-kilometre block in the central Gulf of Thailand.

The licence for offshore block B12/27 is the second obtained by Britoil which in partnership with Amerada Hess of the US received a 5,480 sq-km onshore tract in Thailand's central basin last February.

In return for the concession, Britoil agreed to pay \$1.5m to Thai educational institution and to pay production bonuses of \$5m and \$10m to the Thai Government when production averages 20,000 barrels a day and 50,000 b/d respectively.

The acquisition of a petroleum exploration licence in Thailand underlined Britoil's long-term strategy to develop and diversify internationally. Britoil also has petroleum exploration and production interests in Indonesia.

## Japan trade surplus peaks

JAPAN REGISTERED a record trade surplus in 1985, with preliminary figures showing a \$46.14bn (£32bn) gap between exports and imports, Reuters reports from Tokyo.

The figures also revealed that Japan built up another record surplus with the US.

The Finance Ministry said the surplus for December alone was a monthly record of \$6.64bn.

The large imbalances occurred despite efforts during the last three months of 1985 to reduce Japan's competitive advantage by forcing up the yen's international value.

Japan's surplus with the US reached \$39.51bn, an increase

of 19.4 per cent on 1984.

Final figures are expected to put the surpluses even higher, officials said, with the US-Japan trade gap likely to approach \$50bn.

The figures are likely to result in renewed demands in the US Congress for curbs on Japanese imports. These demands had abated recently as the rise in the yen's value promised to put a brake on Japanese exports.

The preliminary customs-cleared figures included the costs of insuring and transporting Japan's imports. These will be deducted later, making the import figure lower and the surplus higher.

## Singapore urged to boost role in world trade

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE should develop new trading activities, become a counter-trade centre and set up an Export-Import Bank to improve its position in the international trading system, an expert panel has told the Government.

The panel, a sub-committee of the Special Economic Committee appointed last year to chart a growth path for the island state, also urges financial and fiscal changes, including a moderation in the strength of the Singapore dollar.

The panel's report is part of a series being published by the committee, headed by Brig-Gen Lee Hsien Loong, son of Prime Minister Lee Kuan Yew. Last week another group offered 68 recommendations to make

Singapore a more sophisticated banking and financial centre.

Singapore is suffering the worst recession in its 26 years of self-rule. Gross domestic product contracted 1.7 per cent last year, and the official forecast is zero growth in 1986.

The activities spotlighted by the panel on international trade include international consultancy, aircraft trading and financing, the export of computer software, oil trading and printing and publishing.

In commodity trading, the panel proposes an expansion of the local financial futures exchange to deal in commodities, greater tax incentives for traders, improved regional warehousing facilities and the development of Singapore as a counter-trading centre.

## GEC Avionics wins £30m China orders

GEC AVIONICS of the UK has won contracts in China worth £30m, our World Trade Staff reports.

The contracts, with the China National Aero-Technology Import and Export Corporation (Catic), are for the supply of a range of avionics equipment and support services.

The equipment range has been specially designed for the Chinese Type 7 fighter aircraft and is the same as supplied under a contract signed in June 1980. It includes a radar, head-up display, VHF/UHF communications equipment, air data computer and power supply.

The new contracts bring the total placed by the Chinese with GEC Avionics to more than \$80m since 1980.

GEC Avionics business with the Chinese began in the 1960s with equipment for civil airliners. GEC Avionics has had full-time representation, based in Peking, since 1982.

## Qantas cuts excursion fare to Europe by 17%

BY LYNTON MCLAIN

QANTAS, the Australian airline has cut its excursion fares from Australia to Europe, including the UK, by over 17 per cent for a limited period.

British Airways responded by matching the proposed new Qantas fares. The two airlines have traditionally operated services to and from London at the same time, previously agreed through the International Air Transport Association.

The decision by Qantas to cut the fares has come as the Australian dollar has weakened further against other currencies, including sterling. The rate of exchange was A\$1.5 to the pound in February last year and was \$2.12 to the pound yesterday.

The lower fare is available

for the period up to the UK summer, when demand from Australia to Europe and the UK usually is at a peak.

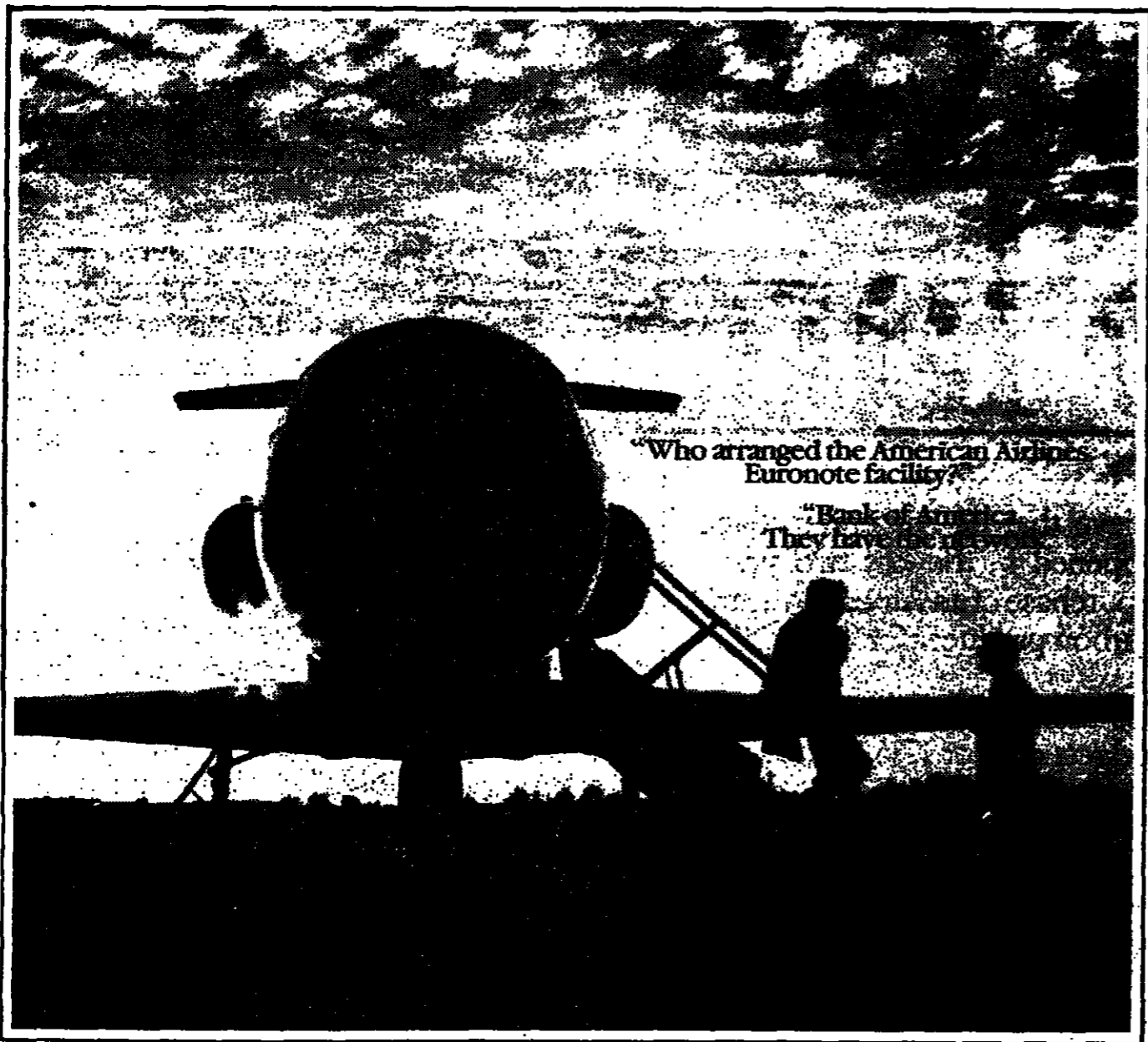
Qantas cut its economy excursion fares by about A\$350. The new fares start at A\$1,586 for flights from Sydney, Melbourne, Adelaide and Brisbane to London in February. A\$1,686 for flights in March, A\$1,886 for flights in April, and A\$1,986 for flights in May.

All of the reduced price economy excursion fares from Australia to London are available for sale only in Australia and only until January 31. Passengers are required to make reservations for the outward and the return flights when they book the cheap tickets.

## Indonesia order for AT & T Philips

AT & T Philips Telecommunications has won an order worth \$1.32m (£82m) to update existing telephone exchanges and supply new equipment to the Indonesian communications authorities, Reuters reports.

The order, financed by Dutch development co-operation funds, will be used to modernise the Jakarta telephone network, the Dutch-US owned telecommunications joint venture said.



"Who arranged the American Airlines Euronote facility?"  
"Bank of America. They have."

When American Airlines approached the Euronote market, they realized any investment bank could structure an issue. But very few could place it quickly and efficiently. They needed a bank with proven syndication skills to represent both borrowers and investors. With exacting requirements for price, terms and timing, American Airlines launched an extensive review of the worldwide investment banking community. And they chose Bank of America.

Through our global network, we have the resources to respond promptly to changing opportunities in every major capital market. We can team industry specialists with financing experts from Dallas to New Delhi. Our exceptional performance in the Euronote market, coupled with the teamwork of our investment banking professionals, provided the assurance American Airlines needed. They could count on our network.

For your financing needs, talk to Bank of America. You'll find us virtually anywhere you need us.



## NORTH BROKEN HILL HOLDINGS LIMITED

(Incorporated in the State of Victoria)

### ANNOUNCEMENT

Industrial Equity Limited ("IEL") today informed North Broken Hill Holdings Limited ("North") that it holds 17.7% of the total issued share capital of North and proposes to make a partial takeover Offer to increase its shareholding in North to 40.3%. The terms of the proposed Offer are \$2.50 for each fully-paid share and \$1.70 for each contributing share.

### NORTH DIRECTORS BELIEVE THIS OFFER IS TOTALLY INADEQUATE. SHAREHOLDERS ARE ADVISED NOT TO SELL THEIR SHARES.

North Directors' reasons for this advice are as follows:

- (i) The Offer price of \$2.50 per share is totally inadequate. North's share price has been above the Offer price frequently over the past 12 months, trading as high as \$2.68 in October, 1985. The Offer price is far less than IEL's estimate of the present value (\$3.00 to \$3.30) of what could be realised for each North share under IEL's "demerger" plan. The immediate market response to the Offer has been to increase North's share price to \$2.70, reinforcing the inadequate nature of IEL's Offer.
- (ii) IEL's "demerger" plan shows a complete lack of understanding of North's businesses and of the issues involved with dismantling the North Group. It does not add any value to North shareholders.
- (iii) The Offer is partial only. Acceptance by North shareholders of a partial Offer would allow control to pass to IEL for a fraction of the full value of North. IEL has stated its intention to take control, notwithstanding its minority shareholding.
- (iv) IEL cannot increase its holding in North beyond 20% other than under its proposed takeover offer, which cannot be despatched to shareholders for some weeks. There is no need for North shareholders to take any action at this stage.
- (v) Holders of North contributing shares would be liable to pay tax on any profit on disposal, as these shares have been issued within the past 12 months.

### NORTH DIRECTORS REPEAT THEIR ADVICE TO SHAREHOLDERS NOT TO DISPOSE OF THEIR SHARES

Mark Bethwaite  
Managing Director

Leith Jarman  
Chairman

16th January, 1986

Any enquiries relating to this notice can be directed to the London Representatives of the Company, Austral Development Limited, 7th Floor, Mercury House, 155 Knightsbridge, London SW7 1RF. Telephone: 01-589 1441.

AMERICAN NEWS

Shultz reasserts right to military strike at Libya

By Reginald Dale, US Editor in Washington

MR GEORGE SHULTZ, the US Secretary of State, yesterday reasserted the US's right to take military action against Libya and other sponsors of international terrorism...

OECD warns Washington of risks to expansion, David Marsh reports

Moderate growth forecast for US economy

RISING DOMESTIC and external imbalances are posing increased risks that the American economic recovery will peter out, according to the US economic survey published by the Organisation for Economic Co-operation and Development today.

Table with columns: US DEMAND AND OUTPUT FORECASTS, 1982 Current price \$bn, 1984, 1985, 1986, 1986 First half, 1986 Second half. Rows include Private consumption, Government expenditure, Gross fixed investment, etc.

On the overriding problems posed by the dollar's strength, the OECD says a further depreciation would be necessary to restore competitiveness and reduce the current account deficit.

Industrial production increases 0.7%

By Stewart Fleming in Washington

THE US Federal Reserve Board yesterday reported signs of a moderate revival in US industrial production. The Fed said that output last month increased 0.7 per cent.

Reagan exempts Star Wars from spending cuts

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan has exempted his Star Wars strategic defence programme and armed forces pay from the sharp spending cuts required this year by the new Gramm-Rudman deficit reduction law.

Lyng emerges front-runner for top agriculture job

By Nancy Dunne in Washington

MR RICHARD LYNG, who narrowly missed being named Agriculture Secretary when President Reagan first took office, has emerged the clear front-runner to succeed departing Secretary, Mr John Block.



At 3 1/2 to 5 tonnes GVW, only one van and chassis cab range is powered by a direct injection turbocharged diesel: the new Di TurboDaily. It's a world first from IVECO, one of the world's foremost diesel engine manufacturers.

NOTHING CAN MATCH IT OR CATCH IT. The Di TurboDaily's car-like ride is enhanced by a quiet car-like interior. Iveco's own aerodynamic pack for box bodied Dailys can reduce the drag co-efficient by 31% and improve fuel economy by up to 10%.

MILES AHEAD DRIVEN OUR WAY. When we tested the Di TurboDaily our way, the Ford Transit Di 190 just couldn't catch it. At the end of a 223 mile journey, the Di TurboDaily was forty minutes ahead on journey time.

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THE MANAGEMENT PAGE

THE PROBLEMS faced by Paul Girolami, the new chairman of Glaxo, seem mostly those of success. His company, Britain's biggest drug manufacturer, has a phenomenal growth record; it owns one of the most dramatically successful products in the history of the industry; and it has a cash mountain accounting for over 40 per cent of group assets.

Zantac's aftermath

Glaxo goes for the long term

Paul Girolami, the buoyant drugs group's trenchant chairman, talks to Tony Jackson

Girolami is not playing the City's game. "Of course we can grow," he says. "As to how fast, I don't know." New wonder drugs? "If the only way we could grow was through another Zantac—Glaxo's anti-ulcer drug, now contributing 41 per cent of group sales—I'd be pessimistic. But it isn't. The cash mountain? "It's useful to have money, but we need it. It's a derivative function."

Throwaway lines are something of a Girolami specialty. His view of biotechnology as an issue which causes great excitement in most drug companies, is typical. "It's really only an approach rather than a research method in itself. It reminds me of the days of operations research was the go-go area in management. That again was just a means to an end, and people now use it without calling it that and without thinking about it."

The management reference is typical too. Although he describes himself in downbeat fashion as "a bookkeeper," Girolami is very much the manager's manager. After graduating from the London School of Economics he trained as an auditor, then from 1956 spent an evidently formative nine years as a management consultant.

He gave that up in 1965—"it was interesting work, but you never felt you were in the real problem"—and joined Glaxo as financial controller. By 1988 he was finance director—"the first Glaxo ever had," he says. "There is still a healthy undercurrent of disrespect for accounts in this company."

This is borne out by his attitude to Glaxo's cash mountain—now almost £400m gross. "When you're capitalised at £5bn, it's simply not important having £400m in the bank. After all, it's only a year's profit. If the cash mountain grew to the point where it was a problem, we'd do something about it—but we're determined not to let it burn a hole in our pockets."

On the other hand, Glaxo's return on its actual operating

assets is close on a remarkable 70 per cent. Is this not an embarrassing contrast with the investment return of around 10 per cent on the cash mountain?

"If there was a magic way of turning that cash into a 70 per cent return we wouldn't dream of doing anything else," says Girolami. "But this isn't an investment-type industry, it's an ideas industry. Ever since I can remember, money has never been a critical factor in Glaxo's development. The fact that the cash is there doesn't mean our researchers are encouraged to come up with ideas—they do that anyway. If we were short of cash for the purpose we'd borrow it."

There is, of course, scope for expansion. Girolami gives the impression that this is not an immediate priority, and certainly not a prerequisite for growth. As to what will happen when Zantac runs out of steam, he points to Glaxo's relatively recent transformation from a British and Commonwealth-oriented company to a truly international group.

"The launch of Zantac (in 1981) virtually coincided with our entry into the US, so we had a multiplier effect," he says. "Even a product modest in proportion to Zantac—our anti-asthma drug Ventolin, say, which is a major product by any normal standard—would be much bigger for us now than in the days when we didn't have the US and Japan on our books."

The push into the US is now being intensified by the setting up of an independent research establishment in North Carolina, aided this month by the recruitment of the ex-head of research at a rival drug company, Burroughs Wellcome, in Japan—"a very difficult market" according to Girolami—selling is still conducted through joint ventures.

In the more distant future, this may change. "There are a number of countries where it might ultimately make sense to acquire companies to buttress

what we've got already," Girolami says. "Germany, France and Spain, for instance, as well as Japan."

"In some cases, I would be looking for a research base as well as marketing. It's a fundamental part of our policy to expand and diversify our research and development—hence our start in the US—and in some countries you have to start with an existing research nucleus. Otherwise, if you're not known there, you can't get the best people to work for you."

Glaxo's most recent pre-occupation, though, has been not with acquisition but with disposal. The last year has seen the sale of a string of businesses not connected with mainstream prescription drugs. Almost the last of those the baby foods business in which Glaxo had its origins, is supposedly being sold to Boots at present, though the withdrawal of its Farley products due to a salmonella outbreak last month has cast a shadow over negotiations.

In the context of the drug industry around the world, Glaxo's concentration on ethical drugs runs consciously against a current trend. In response to a certain hardening of political and social attitudes towards the industry, a number of companies are diversifying into related areas such as non-prescription drugs and health products. Girolami disputes both the need for such a move and its wisdom.

"Is it a company's business to hedge its bets?" he asks. "I actually believe that having all your eggs in one basket sharpens the mind, makes you better. And at least a shareholder coming into our company knows what he's getting."

With characteristic self-deprecation—nothing in business really comes down to personalities—he plays down his own part in the strategy. "It's not too much a matter of philosophy, just the way we've developed. Our non-prescription businesses weren't showing the

kind of growth that would impel us in those directions. We grew originally in milk and baby foods, to the point where the growth wasn't there any more. Then our entry into pharmaceuticals proved very successful, and grew out of all proportion."

He concedes, though, that the specialised approach is close to his heart. "I took a view on it in principle many years ago, and in 1980 I tested it by raising the issue provocatively at the first management conference I attended as chief executive. I asked which routes we ought to take to diversify, and I was confirmed by people's lack of clarity on what the question actually meant. For many years we didn't have a view on how we should diversify, or even on whether we should be diversified at all."

Girolami also believes that diversification is inherently awkward for a company in Glaxo's line of business. "High quality ethical drugs are sui generis. They don't really have synergy with anything else."

His reasons are in character. "It's very rare that normal management techniques even touch ours. In my management consultant days I used to look at yardsticks like levels of service, marginal costs and price elasticity. In this industry the level of service is 100 per cent, the marginal cost of production

is virtually zero, and as for price elasticity curves, you can throw them away—you don't take more Zantac because it costs 23p rather than 25p. In this business everything is upside down, and to start thinking in too many directions at once just makes for difficulties."

Nor does he accept that the industry's growth prospects are in jeopardy. "You have to start with two questions. First, are the needs which the industry meets being adequately provided for by existing suppliers? And second, are the needs themselves going to develop and expand?"

On the first of those, there are vast areas for improvement. On the second, demand can only expand. So the elements of growth are there for the industry. As for whether we are going to grow within the industry, we have to come up with the right products and market them properly, but that's our job."

City observers sometimes express wider worries that the drug industry could go the way of electronics—an industry which has lately been in the doldrums, despite showing strong contra-cyclical growth through the early days of the recession. Girolami is not having that either.

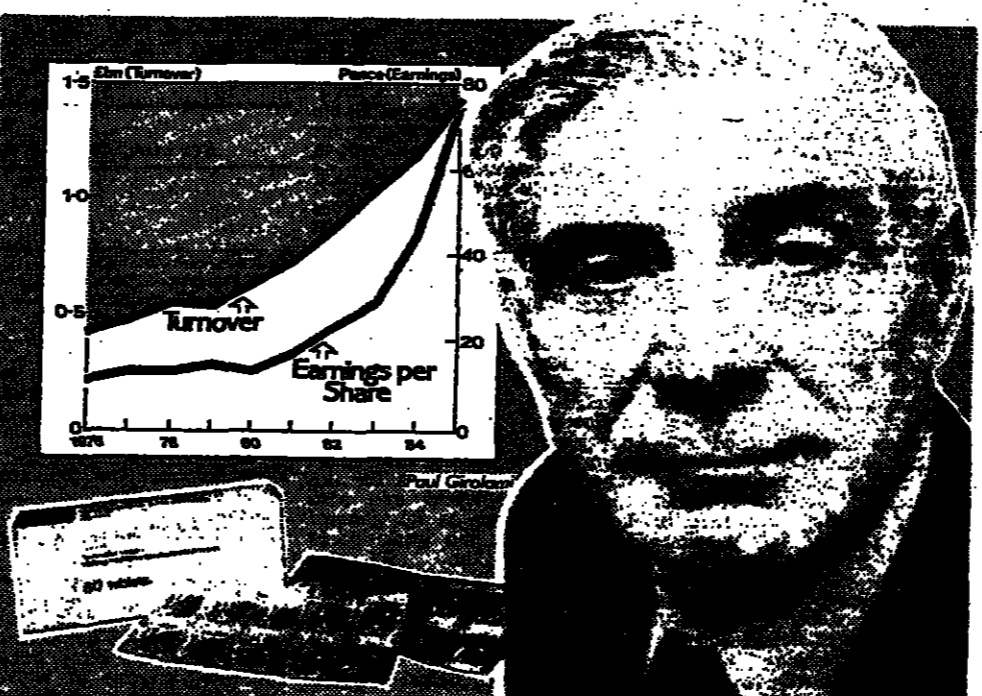
"There is no real parallel. Electronics as part of defence is meeting a government's need,

and meeting it indirectly at that. If the final user changes his mind, or even his specification, you as an intermediate supplier can be out. We're not like that—we supply people direct."

"The only analogy is that in a lot of Western countries governments pay the bill. But I don't believe our market rests on having an NHS, for instance. I don't believe the demand or even the prices for our goods would change if the NHS disappeared."

"Our object is to sell quality products, and most people who buy our products will pay if they have to. Zantac in Hong Kong is priced more highly than in the UK, and it's used by lower-income people like construction workers. If you're paid by the hour, Zantac is the cheap way of getting rid of your ulcers."

Plainly, Girolami is a long-term thinker. But then, he can afford to be. His company enjoys a high stock market rating, and even in today's climate is in the unusual position of being too big to be a serious candidate for takeover. Those selected as important by the British but not the Japanese include adaptability, self-respect, ambition and having an "exciting life."



The two cultures

A RESEARCHER at the University of Manchester Institute of Science and Technology recently made a study of the attitudes of British and Japanese managers towards each other and their work. Most of the Japanese returned the questionnaire within three weeks, but many of the British took two to three months. The researcher is still waiting for some of the stragglers.

Even without these missing opinions, the study, by Mrs Kinuko Miyajima, does not make exactly happy reading for the UK's company men and women. Nor is it very reassuring for those Japanese companies in Britain which are trying to "integrate" their local managers.

The study, which encompasses 40 of the biggest names in Japanese and British industry, is partly based on a questionnaire of 130 Japanese and 70 UK managers working for companies of each other's nationality in the two countries. The executives were asked to rank in importance a series of attitudes and beliefs. The study also includes in-depth interviews about mutual perceptions with 12 Japanese and 13 British managers working for Japanese subsidiaries in the UK.

The Japanese in these companies tend to see British managers as individualistic, with the priority of developing their careers and valuing personal free time. Displaying questionable loyalty to the company, they are assertive "sometimes to the point of being defensive" by never admitting to fault.

The Japanese also see them as rather authoritarian and conservative, hugging onto a chain of command, making decisions without much consultation, and displaying scant regard for their subordinates. Protecting the status quo is a

lynchpin of British managerial behaviour, the Japanese comment.

The British managers' perception of Japanese managers in these Japanese subsidiaries, not surprisingly, is that they are group-orientated in decision making—sometimes to the point of excluding the British members. They are seen as observing a strict hierarchy, where the worst mistakes can revolve around the adoption of an "incorrect" attitude towards somebody.

Both groups agree that knowledge, competence and experience are essential qualities of an ideal manager. But while the Japanese stress ability to communicate with staff and unite the team, the British stress ability to do the job, organise, control and use staff. The Japanese and British in the interviews share similar views on the ideal qualities of a subordinate, but the British emphasis is on running matters smoothly, the Japanese on improving business.

A stable income came top of both lists of working goals, but at this point the very different culture of the two groups emerge. The Japanese stress Ikigai (the purpose of life)—"I think I'm trying to find the meaning of life through work."

The British stress job satisfaction—"I really prefer to go home at night thinking I have done a fair day's work."

Some of the words about managerial values, jobs and subordinates which were chosen as important by the Japanese, but not the British, include dynamic personality, sense of responsibility, originality, broadmindedness and intellect. Those selected as important by the British but not the Japanese include adaptability, self-respect, ambition and having an "exciting life."

Business courses

- Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.13.11. Telex: 21.917.
- Advanced business presentations, Berkshire, February 27-28. Fee: Members £255 + VAT; Non-members £300 + VAT. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks SL6 9QH. Tel: 06285 24922 ext 29.
- Advanced networking techniques, London, February 20-21. Fee: £550. Details from CGS Institute, Russell House, Russell Street, Windsor, Berkshire SL4 1HQ. Tel: 0753 88811. Telex: 869105.
- Pharmaceutical / medical research, Worcestershire, February 4-5. Fee: Members £253; non-members £345. Details from the Courses Secretary, The Market Research Society, 15 Belgrave Square, London SW1X 8PP.
- Operational auditing, Brussels, February 24-28. Fee: Non-members BEF 61,000; Members (Ama/1) BEF 53,000. Details from Management Centre

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# Where will the smart money go in 1986?

The new edition of Merrill Lynch's *Market Trends* explains why 1985's bull market could carry U.S. share prices higher in early 1986. Merrill Lynch analysts also believe that a correction could develop by spring.

Despite the potential risks in the months ahead, Merrill Lynch recommends that investors continue to implement long-term investment programs and emphasizes that quality is the place to be.

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TECHNOLOGY

Apple takes another bite on business side

IF AT first you don't succeed, try, try, try again... and again, in the case of Apple Computer. This week, the Silicon Valley company that sparked off the personal computer market with its Apple II launched the Macintosh Plus, another attempt to establish itself in the business personal computer market.

For Apple, this upgraded version of the two-year-old Macintosh also represents another effort to throw off the "one product company" tag that has hung heavily around its neck for several years.

Apple's failures, the Apple III and the Lisa, have faded into history. But the two-year-old Macintosh has not lived up to Apple's high expectations either. Sales totalled only about 270,000 in each of the last two years.

Dataquest, a US market research firm, said this was far short of Apple's goal of 2m units a year.

Apple still claims that the Macintosh is a success. "But I'd be less than honest if I claimed we had been successful in the business market," admits Bill Campbell, Apple executive vice president of marketing and sales.

Dataquest says less than 40 per cent of Macintoshes sold have gone to businesses.

The new Mac Plus corrects some of the deficiencies of the original design. Most significantly, it is faster. While the Macintosh screen, with its little smiling face icon, is very friendly, staring at that screen waiting for the computer to swap information to and from the disk drive has been a draw-back for Macintosh users. With

Louise Kehoe, in San Francisco, on the launch of a computer crucial to the company

twice as much memory storage capacity, one megabyte, the Mac Plus makes fewer data swaps.

Apple has also won improved performance for the Macintosh by doubling the capacity of the built-in disk drive to 800k bytes. A new 128k read-only memory, holding improved systems programs, also speeds operations.

The net result, according to the Apple Macintosh Plus product manager, Mr Ed Colby, is a speed improvement of 50 per cent in many instances. Macintosh programs such as Mac Draw, which took 30 seconds to load into the Macintosh, can be transferred from disk to internal memory in as little as eight seconds on the Mac Plus, he claims.

Another important improvement is the addition of an industry standard SCSI port. This allows the connection of up to seven peripherals with improved data transmission speeds.

In the US the Mac Plus will sell for \$2,599 (£1,300), with upgrade kits available to current Macintosh owners. The price of the Macintosh has been reduced to \$1,995.

More radical changes in the Macintosh are still to come, probably later this year, when Apple will announce an "open Macintosh."

Mr Colby says Apple will have two Macintosh models just as it has two Apple II models. The current model will be the compact version while a new expandable version is still to come.

Apple recognises that it made some bad mistakes with the Macintosh. The most serious was to "close the box." Unlike the Apple II or IBM's personal computers, the Macintosh computer comes in a sealed case. This means that it is difficult to modify the machine. There are no slots for the extra circuit boards that generally crowd the inside of an Apple II case.

By closing the box, Apple ruled out opportunities for many suppliers who might have become Macintosh supporters. It also sealed in Macintosh's shortcomings.

The debate over opening the Macintosh ran right to the heart of many of Apple's problems last year, sparking the rows that eventually led to the stormy resignation of the Apple co-founder and chairman, Mr Steve Jobs.

Mr Jobs was adamant that "his" Macintosh should remain pure. He clashed with Mr John Sculley, Apple president, and many of his colleagues who recognised that Apple alone could not meet the needs of business customers.

Mr Sculley said yesterday: "We recognise that our workstations must be part of systems that serve the complicated needs of business customers... that our computers must work with the existing standards in business, like IBM." This does not mean that Apple plans to build an IBM PC clone, but it is a fundamental change in philosophy for the company.



John Sculley, president of Apple

Apple is determined to put its troubles—losses, lay-offs and stormy exits—in the past.

It is "back to the future," for Apple, Mr Sculley said this week when the company reported record earnings for the Christmas quarter.

Still, this week's product announcements illustrate the fact that Apple was thrown off track by this summer's disturbances. The Macintosh Plus is "the best that they could do in the time available," says Mr Egil Juliusen, chairman of Future Computing, a US market research firm.

In the future, Apple plans a big push in the "information services" field, where the Macintosh ease-of-use features could greatly simplify the use of remote data bases.

In the meantime, however, Apple still must persuade more big companies to adopt the Macintosh. Perhaps its best news this week was the announcement by Arthur Young, the accounting firm, that it will equip all of its field auditors with Macintosh computers.

A taste of the East heads for the West—at high speed

By Stephanie Yanchinski in Singapore

THE MAKING of soya sauce, the "salt" on millions of Asian tables, used to be the closely-guarded secret of a handful of family enterprises. But modern techniques, including biotechnology, are turning this venerable condiment into a mass-produced food for sale worldwide.

Scientists in Japan, and Singapore have found a way to shorten the lengthy fermentation, the essence of the sauce's manufacture, from several months to a few days, without destroying its unique piquancy. Even more exciting, the techniques will allow manufacturers to subtly alter the flavour and aroma of soya sauce to suit Western palates and thus open up new markets for it.

The three-stage process for

The Japanese were among the first to automate soya making



manufacturing top quality soya sauce involves first, cleaning and cooking whole soya beans under pressure, then mixing them with cracked, roasted wheat as a source of energy. Next the beans are inoculated with a fungus and spread on a tray. After three days, the mash, called koji, becomes greenish-yellow, as the fungus sporulates.

The koji then goes into a vat filled with salt water, where it ferments for three months. This is when the sauce develops its flavour and aroma.

At first, processors added the salt water simply to preserve the quality of the sauce by preventing the growth of other micro-organisms during manufacture. However, it is now known that certain bacteria flourish in the strong salt water to give the sauce its aroma.

At the end of three months, the fermented mixture, now called moromi, is strained, the liquor pressed out, and pasteurised. The heat turns the sauce the more familiar reddish-brown colour and further en-

riches its aroma. In the process, still under development, the koji is passed through a column filled with enzymes. This matures the soya mash and gives the sauce its aroma.

A long-established soya sauce maker in Singapore, Cheong Cheong Food Industries, will soon install its own new process, which its inventor, Dr Leslie Yong, a biochemist at the National University of Singapore, claims is as good as Kikkoman's.

After the first three days, the bean mash goes into a "bioreactor"—a fermenter equipped with sophisticated process controls. Dr Yong feeds his mash

The process shortens the fermentation period to nine days

with special ingredients, including a mix of traditional enzymes and specially-grown yeast. By closely controlling the reaction, he delicately manipulates the taste and aroma of the product, giving a new range of sauces. For instance, Yong can vary the salt content to yield the low salt sauces preferred by the Americans.

Dr Yong's process shortens the fermentation period from 90 days to nine. He claims it is less cumbersome than Kikkoman's column to scale up to full commercial production of 100,000 litres.

Impressed with these results, Dr Yong's partner, Cheong Cheong, received S\$640,000 (£209,000) from the Ministry of Trade and Industry Council to build a 3,000 litre pilot plant, the size of a small factory. This starts up next month.

After six months of fine tuning Dr Yong expects to be able to market his process abroad, especially in Japan and in the US where companies have already shown interest.

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Gas engine heat exchanger

E. J. BOWMAN, a company in Birmingham, is selling heat exchangers which, it says, recover up to 85 per cent of the heat emitted by natural gas engines, for instance those driving alternators or pumps.

The mechanisms recover heat from the exhaust gas and transfer it to a water circuit. One possible use is with engines driving heat pumps.

Another application could be in recovering heat normally wasted by diesel engines in trains and buses. The energy can be transferred by the water circuit to warm up passenger compartments.

The devices comprise networks of pipes which channel water to the locations where heat is being emitted. Water flow through the circuit is controlled by thermostats.

Poultry disease test system

A series of diagnostic tests has been developed by Agritech Systems of the US to monitor signs of disease in poultry.

The tests, called Flockcheck, are sold in Britain by Dynatech Laboratories of Billingshurst, Sussex. Samples of biological materials (such as blood) from the birds are reacted with enzyme-based reagents to detect by colour changes the presence of viruses that cause poultry disease.

Dynatech says the tests can be conducted in an office. They are specific for nine forms of poultry disease, take about three hours to perform and require only small amounts of reagent.

Putting pressure on a sleeping astronaut

ASTRONAUTS coping with the effects of weightlessness on space flights may have a better chance of a good night's rest, thanks to a sleeping bag developed by TNO, the Dutch research organisation.

Its fibre research institute has produced a bag lined with two tubes into which air can be pumped under pressure. The tubes stretch the upper and lower sheets of the bag, causing the body to be put

under pressure similar to that to which it is subjected by gravity on the ground.

Drifting around the earth in a wale such as a US space shuttle is a disturbing experience, mainly because of the weightlessness suffered by the body under such conditions.

While they are awake, astronauts can compensate for the effect by what physiologists call "mental override." Essentially their

brains keep reminding their bodies of the unusual physical environment.

When astronauts go to sleep, usually fastened inside bags by straps, the mental override no longer occurs. As a result, they rarely sleep continuously for more than about three hours. Such rest patterns can make it harder for them to work efficiently.

The Dutch sleeping bag was tested last autumn aboard a space shuttle

devoted to scientific experiments in which three Germans and one Dutchman formed part of the crew. Mr Wubbo Ockels, the Dutch astronaut who has been training for several years with the European Space Agency, advised TNO scientists on the development.

Pressure adjustments for the bag are made with the help of tubes and stops handled by the astronauts.

PETER MARSH

"I had to remind myself I was actually in a hotel."

After a day in London in which the end of one meeting has simply been the prelude to the next, one's thoughts inevitably turn to the comfortable armchair, the restorative brandy and some sympathy.

Unfortunately, one of the penalties of success is that home may be many miles away.

Ample solace, however, will be found by guests of The Selfridge Hotel.

In Stoves Bar (in which the ancient beams used to support the roof of a barn in Kent), Mario will quickly mix you an expert revive.

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UK NEWS

Nexos funding 'imprudent and lacking in care'

By Jason Crisp

THE Trade and Industry Department (DTI) and the National Enterprise Board (NEB) have been strongly criticised for their role in the Nexos affair. The state-backed company set up to create a British force in office automation collapsed in 1981 with heavy losses. The public accounts committee, the parliamentary watchdog, says in a report published yesterday that the DTI was imprudent in the way it approved further funding for Nexos.

previously blamed an unsatisfactory supply agreement with Logica VTS, which made that main product. The committee says it believes that the failure by the NEB properly to discharge its control and monitoring role contributed significantly to the failure of Nexos. The principal reasons for this conclusion were: The NEB negotiated the supply and marketing agreements that subsequently led to the difficulties between Nexos and its suppliers. It allowed Nexos to change its strategy from selling existing products to putting greater emphasis on the development of new products, with the consequent higher risks. It failed to recognise - and therefore slow - the rapid build-up of Nexos in the first part of 1980. It did not appoint independent non-executive directors until February 1981 - in other words when it was too late.

UK steel output up 3.9% last year

By Ian Rodger

THE BRITISH steel industry rowed against the international current last year, achieving a 3.9 per cent increase in output when most other countries produced the same or less steel than in 1987. British steel production has been on a strong - for the steel industry - recovery trend for three years now, mainly because of the improved competitiveness of British producers. Output last year of 18.7m tonnes was 14.8 per cent higher than in 1982. Over the same period, domestic consumption has grown only about 2 per cent. Viewed over a longer period, however, Britain's steel industry has suffered much more than those of other European countries. UK output last year was 30 per cent lower than it was in 1976 compared with an average 10 per cent decline in the European Community countries as a whole over the same period. British politicians have often complained that the UK has done more than its fair share in reducing excess steel capacity and production, but others say Britain's steel output has fallen roughly in line with the decline of the manufacturing industries that consume steel. Total manufacturing output in the UK has fallen 4.1 per cent in the past decade, while in the EEC as a whole it has risen 8.3 per cent.

Hazel Duffy on the campaign to bring industrial awareness to the public Putting a bite into Industry Year

INDUSTRY YEAR is a bit like motherhood and apple pie - good all the way through but a bit bland. This at least was the view of one of the industrialists yesterday at the post-launch reception of the campaign which is designed to make us realise the importance of industry to the nation.



A relieved Leon Brittan takes a break from the Westland affair to launch Industry Year.

The Duke of Edinburgh, president of the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA), opened the Industry Year, initiated in his speech that it was a sad commentary on the country which inspired the Industrial Revolution that it should be necessary to explain to the people that "industry matters".

"Any observer from outer space would wonder what on earth was going on," he said. Sir Terence Beckett, director general of the Confederation of British Industry (CBI), reminded us that every year is industry year in Japan and Germany.

Their opening remarks were not meant to detract from the campaign's importance, more to emphasise its very need. The other speakers followed a similar line. These included Mr Leon Brittan, the Trade and Industry Secretary, looking relieved at being able to deliver an uncontroversial speech, and Mr Norman Willis, general secretary of the Trades Union Congress (TUC), who gave "one of his best speeches for years," according to the correspondent from the Morning Star,

to have been putting pressure upon BAE at the meeting to judge by the company's later reactions.

Sir Austin drew a link between the meeting and Sir Raymond's earlier discussions at the DTI with Mr Patten on Airbus Industrie's proposals for a new programme, that is, the development of the European Airbus in which the UK Government is closely involved. Sir Austin said: "The connection is worrying to say the least. Whatever the words used were meant to convey, the message was perfectly clear."

would not mind the chance of working in it.

Industry Year has been in the making for 18 months, and includes a full diary of events. They will take place throughout the country, organised by companies - open days, for instance, for public tours of places of industry - schools, universities, CBI regional groups and so on.

Many of the events will involve children, who emerged yesterday as the innocents who cannot be blamed for the anti-industrial culture (Sir Terence's words) which has grown up in Britain.

Youth and women were highly praised in Mr Brittan's speech, and they were one of the few groups who occupied the accented finger of the Duke of Edinburgh for those responsible for the present standing of industry. Those who did not include the City of London, intellectuals, academics, workers, governments, Marxists, and churchmen.

And yet it was young people and women who were most marked by their absence in the launch audience, until Sir Geoffrey Chandler, Industry Year director, brought in 15 children, each representing a school linked with industry.

The Industry Year organisers aim to establish such a link with every secondary school (attended by pupils up to 16 years old) by the end of the year. The education and training themes of Industry Year are judged by many senior executives as being the most tangible, as shown by the enthusiastic response of many companies so far.

Industry Year is full of contradictions, not least that many people think in terms of out-dated factory floors whereas it refers to all wealth creation - retailing, the financial sector and service companies, as well as manufacturing.

And if the campaign cannot change in a single year the long-held British attitude that industry is somehow inferior, it is as many speakers said, a start in the right direction.

Conflict remains over Brittan intervention

THE HEART of the Westland affair is whether the Government has been even-handed between the two rescue packages - or whether, as Mr Michael Heseltine alleges, Mr Leon Brittan, the Trade and Industry Secretary, has favoured the Sikorsky/Fiat option in preference to that of the European consortium.

Peter Riddell, Political Editor, examines the argument over whether the Trade and Industry Secretary put pressure on BAE to withdraw from the European rescue plan for Westland

There are many points in common. There is agreement that Mr Brittan was expressing a view as a sponsoring minister for BAEs and that it might have been helpful if the company had spoken to him initially. Both versions agree that Mr Brittan said the decision should be left to the shareholders. According to the official note, Mr Brittan concentrated on his warning that "the nature of the campaigning and the overtones of anti-American sentiment were particularly damaging and potentially could fuel protectionist sentiment in the US."

"He believed we should have stayed in the background and he would like us to withdraw," Sir Raymond noted. "I was so stunned by this that I turned to the assembled company and said, 'Are you writing all this down?' to which the Secretary of State replied, 'They understand what I am saying better than I do.'"

ent uncertainty involving Westland should drag on." There is an obvious conflict between the versions and neither side is backing down. The answer may lie in the nature of the meeting. It is clear, even from the official record, that the exchanges were lively. Sir Raymond closes his account: "We parted with a final reminder, looking at me fixedly, that the DTI [Department of Trade and Industry] was our sponsoring department. The whole meeting was conducted in what I can only describe as an unpleasant atmosphere. I left the DTI and came straight back to the board meeting. It had not been a pleasant experience."

Several senior ministers believe Mr Brittan was mistaken in holding such a meeting at such a delicate time as well as to allow such an ambiguous impression to arise. But Mr Brittan still insists that he had a duty to warn BAE of the dangers of the US reaction.

Sir John finds a friend in his hour of need

BY LIONEL BARBER

FOR THREE days it was one of the best-kept secrets in the City of London. The emergence yesterday of Hanson Trust as the mystery buyer of shares in Westland leads a new twist to the political and financial drama which has gripped Britain's sole helicopter maker.

tor, also denies that Hanson's late entry involves any political motives. However, Lord Hanson is a long-standing admirer of Mrs Thatcher and a fierce opponent of government intervention in industry. There is no evidence to suggest that he differs from the Prime Minister's stated view that the company's future is the responsibility of the board and its shareholders. And Lord Hanson, shareholder, is well placed to determine that future.

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Several different tree diseases were apparently synchronised by a common trigger factor, which Prof. Karl Rehness, who has the chair of soil science at Munich University, concluded was the weather.

Tory MEPs vote for European rescue plan. BRITISH Tories in the European parliament yesterday voted 180 to 21 for the resolution tabled by members of the Socialist, Christian Democrat, Conservative, Liberal, Communist and Gaullist groups.

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UK NEWS

Searle pulls out of British drugs research

BY TONY JACKSON

G.D. SEARLE, the US drugs company, is to pull out of drug research in the UK with the loss of 300 jobs at High Wycombe, Buckinghamshire, north-west of London.

The move forms part of a world-wide reorganisation, costing 500 jobs in all, after the takeover of Searle by the US chemicals group Monsanto last year.

Searle UK said, however, that the High Wycombe closure was chiefly due to the "incredible pressure" put on its business by the UK Government.

Searle said that in its price negotiations with the Department of Health and Social Security (DHSS) in recent months it had received "no recognition" for a £20m manufacturing plant completed at Morpeth in Northumberland last year. Mr Brian Tempest, managing director of Searle UK, said: "That was our US parent's major new investment worldwide in chemical manufacturing plant. We have got no credit for it."

The DHSS said: "The department greatly regrets this action. Officials are still in correspondence with the company on its National Health Service (NHS) prices. So far, our

understanding is that the factory at Morpeth is being used primarily to manufacture for export, and we have not, therefore, been able to accept the capital and revenue costs as a proper charge in NHS prices."

Mr Tempest said: "The DHSS have told us that we not only have excess assets for the purpose of working out prices, but we also have excess research and development expenditure. This is a sad day for England."

Searle is one of a number of US drug companies which have announced closures or cutbacks in recent months as a result of Government pressure to save money on the NHS drug bill.

Warner Lambert has closed its factory at Eastleigh in Hampshire with the loss of 400 jobs, while Wyeth has cut 250 jobs at various sites around the country. Another US drug company, A.H. Robins, abandoned UK drug manufacture last month with the sale of its recently-completed Horsham plant to Glaxo.

Searle's site at High Wycombe, established 28 years ago, comprises the UK headquarters and pre-clinical and clinical research establishments.

BRITISH & COMMONWEALTH SHIPPING FUNDS BERMUDA-BASED VENTURE

Cayzer group goes into commodities

BY CHARLES BATCHELOR AND ANDREW GOWERS

BRITISH & COMMONWEALTH SHIPPING (B&C), the diversified transport and financial services group headed by Lord Cayzer, is putting nearly \$40m (£28m) into a new commodity trading venture managed by three former executives of Salomon, the large US commodities and investment banking group.

The creation of Kaines Holdings, a Bermuda-based group, and its London-based operating subsidiary, Kaines (UK), represents the first major move by B&C since Mr John Gunn, former chief executive of Es-

co International, the money broking group, joined the company last November.

The new company plans to trade a range of petroleum products, metals and soft commodities such as sugar and cocoa for its own account, as well as offering trade finance services, such as counter trade and forfaiting. There are no plans to trade grains.

Kaines plans to develop a position in specialist niches of the main commodity markets rather than covering the full range or aiming for big trading volumes. It will not

act as a broker for others or operate directly on the futures markets.

Head of the new venture is Mr Julian Lee, 40, a long-time associate of Mr Gunn and a former senior executive with Phillip Brothers, Salomon's troubled non-energy commodity trading arm.

Mr Lee and his two fellow executive directors are among a large number of senior managers to leave the Salomon group over the past five years.

Only last October Salomon said it was shedding a further 800 jobs in its commodity operations as part of

its retrenchment after the downturn in world commodity markets.

Kaines plans to keep costs down by centralising its activities at its London headquarters and not building up an extensive network of overseas offices or going into downstream activities such as processing. It has a start-up staff of three people but it hopes to have up to 100 dealers and support staff by the end of 1987.

B&C started out as a shipping company but has since diversified into aviation and financial services.

Airports flotation expected to raise more than £500m

BY LYNTON McLAIN

THE GOVERNMENT yesterday published its bill to privatise the British Airports Authority (BAA). City of London analysts say the flotation could raise over £500m.

The airports bill calls for the BAA to be formed into a public limited company, to operate as a holding company taking in other companies formed for each of the authority's seven airports. These include Heathrow, the world's busiest international airport, and Gatwick. The other BAA airports are Stansted, the Government's choice for London's third airport; Glasgow, Edinburgh, Prestwick and Aberdeen.

Sixteen airports each with a turnover £1m a year owned by local authorities in England and Wales are also to be made into public limited companies. This is to "distance them from their local authority owners and to place them on a more commercial footing," Mr Nicholas Ridley, the transport secretary said in a written statement yesterday.

The local authorities will not be forced to introduce private capital into the new airport companies, but the Government will encourage them to do so.

Mr Ridley described the BAA as a "highly successful nationalised airport," to be released from the

constraints of state control through the proposals in the bill.

The BAA made a pre-tax profit of £83.9m in 1984-85, a rise of 38.9 per cent, on a turnover of £361.6m. BAA airports handled 51.6m passengers last year.

Mr Michael Spicer, the Parliamentary Under Secretary of State at the Department of Transport, speaking in Mr Ridley's absence in Paris, said yesterday: "The airports authority will be free to develop capital and investment programmes without permission from the Government. Local authority airports will no longer be subject to public spending controls."

A controversial aspect of the bill is the controls the Government has proposed to stop the BAA and local authority airports exploiting monopoly positions, such as on aircraft landing charges and duty free shops.

Mr Spicer said the Government was aiming for a pricing policy that was neither predatory (designed to unfairly attack competing airports) nor monopolistic. "We are clear that a balance can be struck between the two."

"The precise formula on economic regulation has yet to be decided," he said. All airports above a certain size will be subject to "economic regulation."

First imports of French electricity start

BY MAURICE SAMUELSON

THE FIRST imports of French electricity entered Britain yesterday afternoon. They marked the first successful use of the 45 kilometre link on which work began 4½ years ago. The £760m, cost is being shared equally between the Central Electricity Generating Board (CEGB) and its French counterpart, Electricité de France (EdF).

The CEGB said that, as France already exchanged electricity with all its neighbouring countries, this meant that the UK was now linked into the European electricity network.

When the link was switched on

yesterday, some 75 Mw flowed through the cables for the first 12 minutes, before settling down to 50 Mw for a few hours. The link is due to be finished by the end of this year, when it will be able to carry 2,000 Mw equal to the output of Britain's biggest coal-fired power stations.

Such power stations typically consume 10m tonnes of coal a year, but since the link will initially be used to replace oil-fired power stations in southern England, the loss of coal sales to power stations will be less.

The link was conceived as a way

of enabling both countries to save money by taking advantage of tariff variations during their different peak demand hours. But because of France's cheaper nuclear capacity, the sale is now likely to be all one way.

Under the trading arrangements for the first 1,000 Mw, EdF will sell the CEGB electricity for two years at up to 25 per cent cheaper than the average generating cost in the UK. Terms have yet to be agreed on the second 1,000 Mw.

Mr Gil Blackman, CEGB board member, said the link would not only bring significant cost savings for

electricity users in England and Wales but would also increase the security of supplies in Britain and France.

The link, between Folkestone in Kent and Sangatte near Calais, consists of four pairs of cables, two British and two French, buried 1.5 metres beneath the sea-bed.

At each end of the link, at Sellinge in Kent, and Les Mandarins in France, the direct current is converted into the alternating current used on each country's supergrid.

The CEGB expects the first power flows through a second pair of cables next month.

Ridley in Paris for final talks in Channel

BY ANDREW FISHER IN LONDON AND PAUL BETTS IN PARIS

MR NICHOLAS RIDLEY, the UK Transport Secretary, was in Paris yesterday for final talks with Mr Jean Auroux, his French counterpart, to iron out problems in the way of a joint government decision on a fixed link across the English Channel.

French and UK government officials hoped the talks would clear the way for the announcement at Lille on Monday by Mrs Margaret Thatcher and President François Mitterrand of the winning scheme.

The French continue to back either the rail tunnel project of Channel Tunnel Group (CTG) or the more costly EuroRoute bridge and tunnel scheme.

This is because both involve large French industrial groups, unlike the cheaper Channel Expressway rail and road tunnel scheme of Mr

James Sherwood, head of Sea Containers and Sealink UK ferries.

CTG has ruled out co-operation with EuroRoute along the lines suggested by the latter's chairman, Sir Nigel Brookes. Yesterday, Channel Expressway said it was still confident of winning and had lined up top French companies to participate.

Mr Sherwood wrote to Mr Ridley before he flew to France, detailing new support for his scheme. CTG and EuroRoute have said Channel Expressway would cost far more than stated and have severe ventilation problems in its road tunnel.

EuroRoute has been increasingly seen as an outsider in the UK, because of its high cost and lack of acceptability to environmentalists. But it has support in some French Government departments.

City examines need to keep in step with world equities

BY ALEXANDER NICOLL

A WORKING party meets for the first time today charged with one of the most urgent and delicate tasks facing practitioners in the City of London's securities markets ahead of the revolution in trading methods due to take place later this year.

The 10-member group has been appointed jointly by the London Stock Exchange and the International Securities Regulatory Organisation (Isro). Their purpose is to explore whether British stockbrokers can work with international dealers based in London to form jointly a market in globally-traded shares that will meet the tougher regulatory standards coming into effect at the end of the year.

If they fail, London faces the prospect of entering the new era with fragmented systems for trading in one of the world's fastest-growing securities sectors - including the market for shares in British's own largest companies.

Much of the debate about the City's "Big Bang" changes has revolved around the restructuring of domestic mechanisms. But the shape of the world's equity business has, meanwhile, changed. A telephone market has been developing in which shares of the world's biggest companies are traded across borders, between time zones and, crucially, away from established exchanges.

London is an important centre for this type of business. The stock exchange, after introducing new trading systems, is in danger of finding that business in the most active and liquid shares takes place on a rival system.

The key point is that globally-traded shares include those of the largest British companies. Business in some of them is often said to be greater in New York than in London. British brokers naturally want to ensure that trading in these shares does not slip further away from them, while international dealers want to secure competitive means to trade them in the new City structure.

The most delicate issue therefore, will be whether a joint venture to trade international equities would encompass British company shares.

Isro, headed by Mr Ian Steers of Wood Gundy, itself faces pressing demands in order to fit in to the new regulatory structure. It was founded last year as a self-regulatory body to deal with the huge Lon-

don-based capital markets which fall outside the stock exchange. Most of these are apparently being dealt with relatively painlessly with the designation of the Association of International Bond Dealers as a Recognized Investment Exchange (RIE). This is the term in the new City format for a securities market with price display, clearing and settlement facilities.

Equity dealing poses a greater problem for Isro. Dealers in globally-traded shares must virtually start from scratch to introduce price dissemination and clearing systems which will satisfy the Securities and Investments Board, the regulatory overseer.

They could adopt one of several trading systems which are available - the Toronto Stock Exchange, for example, has a computer-assisted trading system through which it has a link with the American Stock Exchange in New York, and which it has separately sold to the Paris bourse.

But time is of the essence, since systems must be in place by the end of the year. Meanwhile, another contender is appearing in London in the form of Instinet, the US automated trading network. Reuters, the information group, has been appointed to market the system in Europe, and Instinet screens are understood to have already been installed in London.

The most logical solution would clearly be for the stock exchange and Isro to shelve jealousies and differences, and jointly set up a RIE which introduced the liquidity afforded by the international dealers into the stock exchange's price display and settlement systems.

Achieving this will be a difficult task for the working party, given the sensitivities involved. But its members, including senior figures from some of the world's top dealing firms, appear to be of a stature that will ensure that their recommendations will carry weight.

The stock exchange is trying to keep hold of international business. Last year it allowed member firms to set up international dealing subsidiaries able to act as principal and an agent without fixed commissions - as non-members do now and as all will be able to do after Big Bang. They and other dealers display prices on the Stock Exchange Automated Quotation system, Seaq International.

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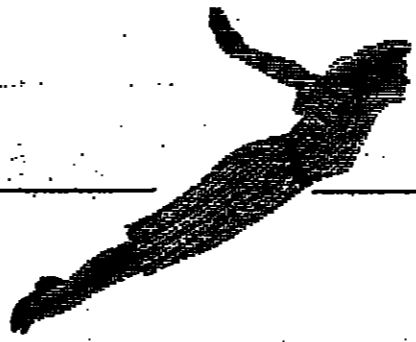
Sorry, Lufthansa, but your ad for Frankfurt Main should never have got off the ground. "Continental Europe," for heaven's sake! Presumably that's the bit without Britain in it. And therefore without Heathrow. The airport that runs more international flights, more often, to more places than any other. (With nearly twice as many international passengers as Frankfurt.) Just add Gatwick, the world's Number 4 airport, plus Stansted, and you have the world's premier international airport system. Or, to be precise, Britain has.

**British Airports**

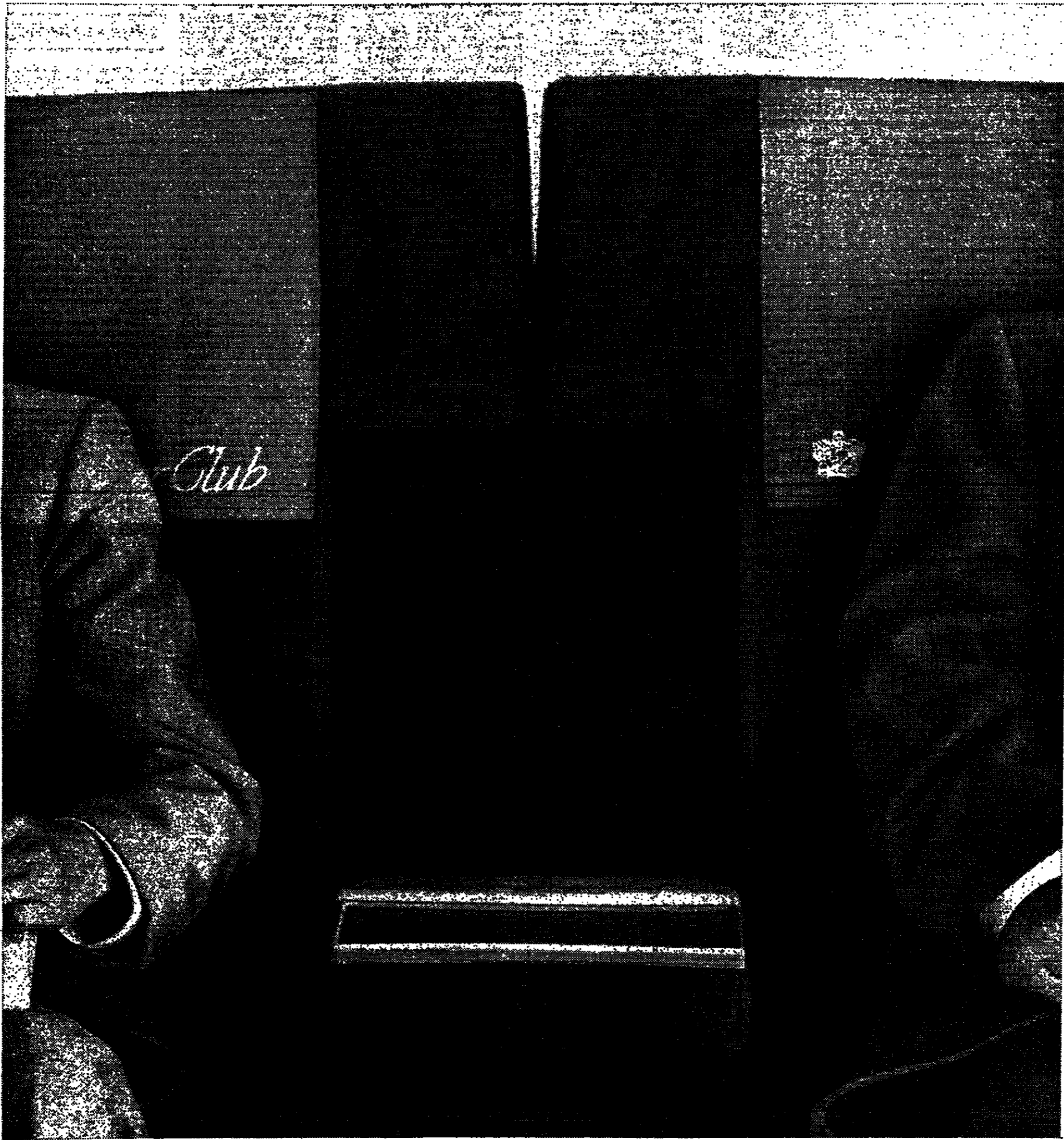
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FT REGIONAL REPORT

A concerted effort is being made to diversify employment to recoup the jobs lost from manufacturing. However, local government reorganisation has restricted the town's ability to respond to pressures for modern industrial space.

# Stevenage

## Coping with the problems

STEVENAGE, in many ways, has been a pioneer. Designated in 1946 as the first of eight new towns to ring London, it was planned and built with a cycleway system, and a road traffic system without traffic lights. Its residential, commercial and industrial areas are strictly defined, with industry based away from housing and close to roads.

The first new town also to mature from being a synthetic product of legislation to a natural living and working community, it has suffered from the effects of the recession like many other new towns of its size, dependent on the subsidiaries of major national companies.

Between 1980 and 1983, 1,800 jobs were lost, most of them in manufacturing, due to the closure of branch plants.

Others, such as Platignum and ICL, though continuing to operate locally, shed labour. The pen-making side of Platignum has since left, with the plastics division remaining.

Stevenage also illustrates the special problems of a mature new town. The young working people attracted there in the 1950s and 1960s will soon be reaching retirement age. They will need to be catered for by a town hitherto largely geared towards the needs of families and young people.

There is now, in addition, a major peak of people in their late teens and early 20s. Nearly

half of Stevenage's unemployed are aged under 25 and one in seven is aged 18 or under. Young people have generally been worst affected by "last in, first out" redundancy arrangements and the reduction in the number of apprenticeships.

The job needs of this second generation of residents are different from those of the current workforce, which reflect Stevenage's traditional industrial base of manufacturing industry.

Yet, while the recession has hit some of the town's secondary industries, its dominant employer, defence, has remained relatively buoyant. Employment levels at British Aerospace, which provides one-fifth of all jobs in the town, have remained steady. BAE's army weapons division now employs 6,900 at its 85 buildings throughout the town, with the space and communications division employing an additional 1,850.

### Trainees

The company takes on over 120 local trainees each year, for a four-year period, retaining 75 per cent of trainees for two or three years after the initial training period.

BAE makes significant contributions to the local economy in other ways. In the first half of 1985, for example, the army weapons division spent some



£5.5m locally on goods and services. The space and communications division spent a further £4.5m locally.

It is recognised, however, that even a company the size of British Aerospace cannot be expected to make much of an in-road into unemployment levels in the town. The latest figures show 9.8 per cent out of work, compared with a peak of 12.6 per cent in 1982. The town instead has taken steps of its own to try to reduce the jobless total.

There have been a number of youth training initiatives to ensure that young people are better prepared for work offered by, for example, those technology-based companies attracted to the town. These have been promoted and organised by, among others, the MSC, Stevenage Youth Training Scheme and the Stevenage Information Technology Centre.

SITEC runs short training courses on various aspects of basic electronics to equip trainees to work with microcomputers. Of those 72 SITEC trainees completing courses since April 1987, 77 per cent



Report by ALASTAIR GUILD

have left to start full-time jobs, with 8 per cent going on to further education.

More attention is also being paid to adult training. For example, Midtech, launched in May last year, uses open learning techniques for retraining with an emphasis on technology-based skills.

There have been a number of recent moves specifically designed to broaden the base of the local economy. A seed capital fund of £25,000 has been set up by the borough council to be managed by Stevenage Initiative, the local enterprise agency, while the council is discussing with a number of agencies the possibility of a local venture capital fund.

The town has also recognised the need to make available suitable sites for development. Several of the premises and sites left vacant with the closures of the early 1980s are currently available, with potential for a variety of industrial and commercial uses.

To meet the demand for new sites, over 55 ha of greenfield land has been identified for all types of development, ranging from 20 ha down to sites of 0.2 ha.

During 1984 and early 1985, a number of other developments were announced which will create local jobs in retailing and other less skilled areas. These include three shopping developments, with the prospect of over 500 net jobs created.

These developments should also help Stevenage keep its place with Watford as one of the county's subregional shopping centres a position otherwise under threat from new stores in St Albans and Welwyn Garden City.

With good access to the motorway network Stevenage has also attracted a number of distribution operations. The town's links with London will be further enhanced by completion of the M25.

According to Mr Stephen Catchpole, the borough coun-

cil's chief executive, attempts to foster development and create employment opportunities in the town have been hampered by the council's lack of control over land and buildings.

"We would like to have seen assets transferred to the council when the development corporation was wound up in 1980. We do not own the town centre's retail assets or the industrial estates. So the council has had to work harder through the planning process to encourage development, without being able to put packages together."

The Commission for New Towns, which was given the responsibility for realising the assets it took over from the development corporation in 1980, now has one third of its total town centre holding left. All prime shopping sites have been sold, to insurance companies and pension funds, and it is seeking to sell the remaining secondary shopping to existing tenants.

It has sold 10 acres of its industrial portfolio, with more than 60 acres still available. According to CMT, the industrial property sector is still getting over the closure of Bowaters, Kodak and ICI, which together left 1m sq ft of built space vacant.

Mr Catchpole says that pressures on and within Stevenage can only increase, particularly as land values along the M25 escalate. "But as a result of local government reorganisation, Stevenage is a very closely defined area, surrounded by Green Belt. The relatively buoyant Hertfordshire economy has tended to obscure Stevenage's particular problems," he says.

"In the short term, it may be possible to make better use of existing sites in the town, for instance in the long term there will have to be a rethink of how Hertfordshire is to respond to these pressures."



Stephen Catchpole, borough chief executive, seeks a rethink on the pressures facing the town

## More companies arrive

### High technology

LAST YEAR Stevenage reaped considerable rewards from its efforts to attract further investment in high technology industry.

For example, Marconi Instruments, which set up its microwave division in the town in 1963, announced plans for a new £4.5m, 80,000 sq ft laboratory and manufacturing plant, next to its existing Stevenage facility. The company expects that 100 of the 150 staff required for the new plant will be recruited locally. The workforce on its existing Stevenage site is 150.

The latest development, to be completed in the first half of 1986, will include a new 4,500 sq ft thin film laboratory aimed at meeting increased worldwide demand for products in the higher microwave bands.

By June a £70,000 British Telecom Megastream communications system will link the new plant at Stevenage and Marconi Instruments' headquarters at St Albans.

Capable of meeting current demands for the transmission of technical and commercial data and speech between the two sites, it will also offer spare capacity for future expansion at the site.

In May last year, Wiltron moved its UK subsidiary's Research and Development

and manufacturing effort to the town. By the late 1970s, the parent company had found that market needs varied considerably between the US and elsewhere, making it essential to create closer contact between its engineering and manufacturing operation and the European market place.

So in 1983, Wiltron established an R and D facility in Melbourn, south of Cambridge, to develop a replacement for its Model 640 radio frequency analyser first introduced in 1976. Output from the team of seven soon outgrew the Melbourn site, and the company decided it needed a purpose-built plant to manufacture the new product.

The first phase of Wiltron's Stevenage development, on a four-acre site bought from the borough council, will cost £2m and be built over 2½ years. Once the 54m Phase II is complete, the plant will cover 90,000 sq ft.

The company currently employs 13 in manufacturing and expects that number to grow in the next two years by more than 100. Sixty per cent of those involved in the

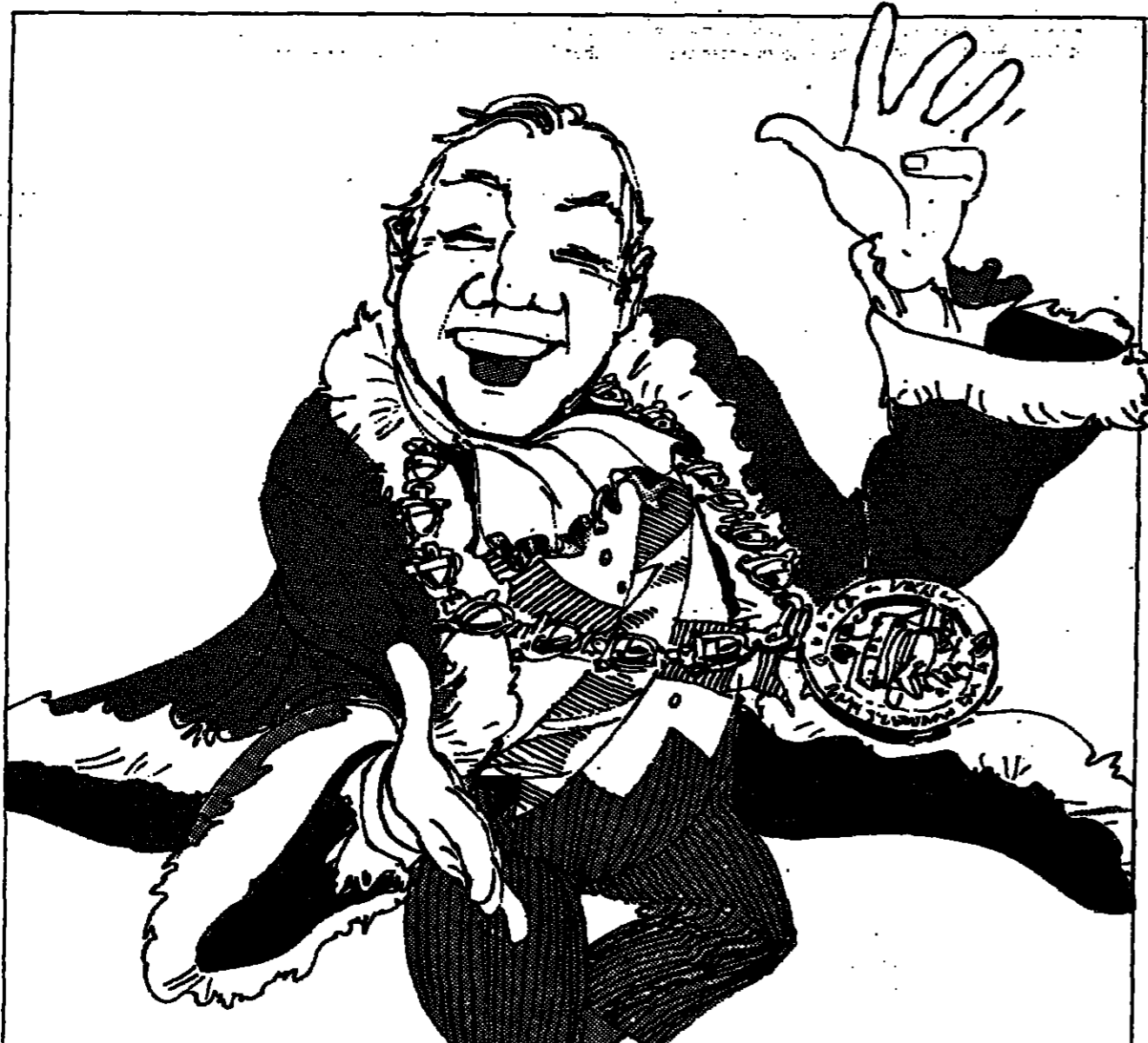
production of the new 6400 analyser and other microwave test instrumentation will be semi-skilled and 40 per cent skilled.

"We were attracted to Stevenage both by its transport communications and by its proximity to 1m people in Stevenage itself and in the five surrounding towns," says Mr John Fink, managing director.

"We looked at other new towns, but they are struggling to get past the 100,000 mark. Any electronics company moving there would have to draw in workers from a long distance, whereas Stevenage has the skill levels we need, both for our own recruitment and to support the components we buy-in."

"Wiltron does compete with other high technology companies for good engineers, but as more of these companies are attracted to Stevenage, so skill levels will rise."

The company estimates that 80 per cent of sales of the 6400 analyser will go overseas, with 40 per cent going to Japan. It will be expected to be a profit generator independent from the parent company, with annual turnover expected to rise from £2m last year to £4.5m within three years.



## WELCOME TO STEVENAGE!

A welcome from the mayor is only part of the 'red carpet treatment' we give to new businesses in Stevenage.

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THE ARTS

Company Notices

BRAZILIAN EQUITY HOLDINGS S.A.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS... The annual general meeting of shareholders will be held at 19 Rue de la Loi, Brussels on 3 February 1986...

Arts Week

F | S | Su | M | Tu | W | Th | 17 | 18 | 19 | 20 | 21 | 22 | 23

Music

LONDON Philharmonia Orchestra conducted by Lorin Maazel. Brahms and Beethoven. Royal Festival Hall (Mon), (9283191). Evva Koskinen, violin and Tuula Hakila, piano. Schubert, Bartok, Szymanowski and Ravel. Purcell Room (Mon), (9283191).

Brussels: Belgian National Orchestra conducted by Merid Rodan with Arthur Grumina, violin - Mozart (Thu).

Paris: Noel Lee, Debussy, Duparc, Ravel, Fauré (Mon). The Concert String Quartet (Wed). The Mendelssohn Quartet (Thu).

New York: New York Philharmonic (Avery Fisher Hall). Erich Leinsdorf conducting. Weber, Hindemith, Bruckner (Tue).

London: Royal Opera House, Covent Garden. Royal Ballet in Manon. (2401088).

Italy: Milan, Teatro Alla Scala. The Salzburg Festival production of Luciano Berio's Un Re in Asolo with libretto by Italo Calvino.

New York: Metropolitan Opera (Opera House). Montserrat Caballé sings the title role of Tosca with Luciano Pavarotti as Cavaradossi.

Theatre

LONDON The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plumy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparky production has smoke, tumblers, rat stew and rolling beds. (9304025).

Brussels: Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a surprising, relying on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences.

New York: Les Mizérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey.

Paris: Les Femmes d'Alger (Olympia): A painting by Eugène Delacroix. The exhibition is sponsored by the British Council. Until Jan. 30.

London: Old and new: State acquisitions over the last five years. The 240 exhibits range from an Egyptian papyrus vase dating from 1800 BC to contemporary artists and comprise paintings, sculpture, pieces of furniture and objects d'art.

Washington: Guggenheim Museum: 35 major sculptures of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations in Sculpture.

London: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others.

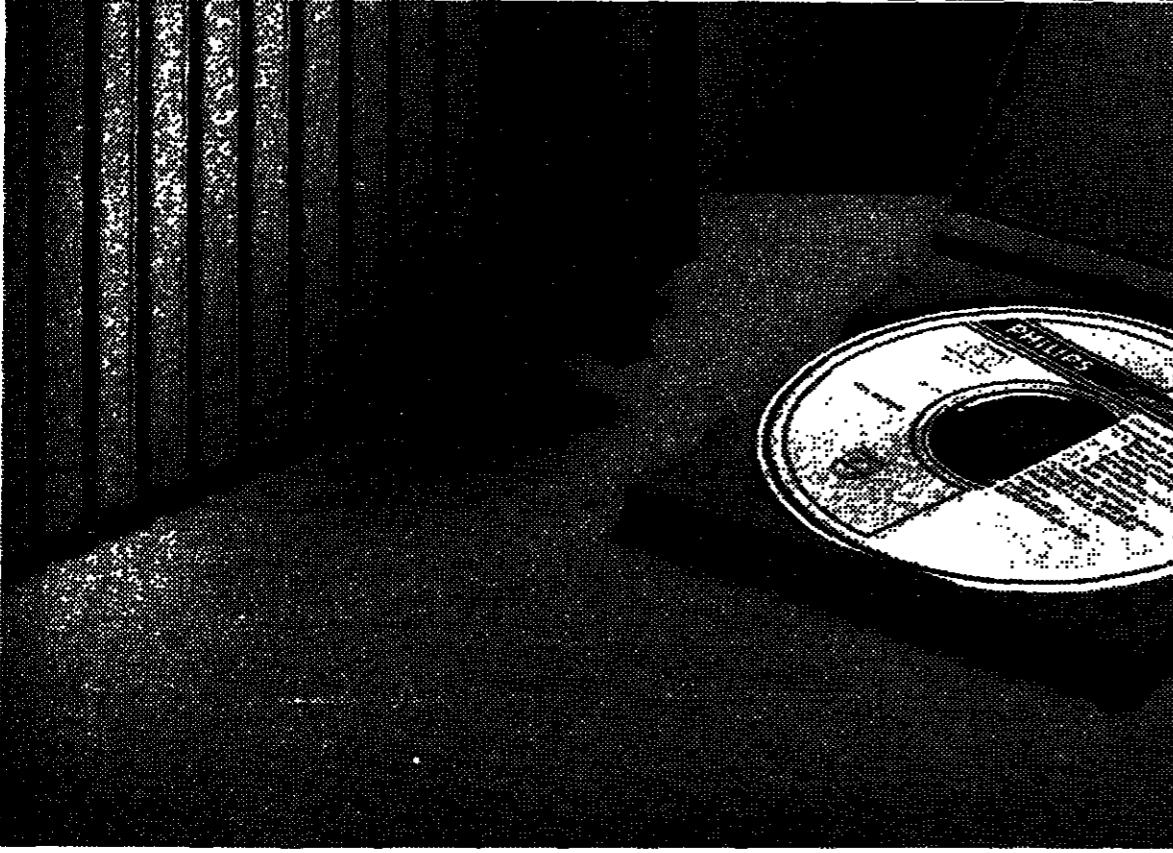
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PHILIPS



THE ARTS



Ed Lauter and Charles Bronson in "Death Wish 3"

Cinema/Nigel Andrews

Loose ends in a tangled web

Kiss of the Spider Woman directed by Hector Babenco
Death Wish 3 directed by Michael Winner
Reanimator directed by Stuart Gordon
The Sure Thing directed by Rob Reiner
Akira Kurosawa season



William Hurt in "Kiss of the Spider Woman"

"Why should I think about reality in a stink-hole like this?" cries William Hurt as a jailed homosexual in Hector Babenco's splendidly off-beat Kiss of the Spider Woman.

Babenco's film based on a novel by fellow Brazilian Manuel Puig, personifies this Yin and Yang in two prisoners sharing a cell somewhere in South America. Hurt is the gay jailbird; henna'd of hair and hushed of voice, he beguiles the hours by telling yarns spun from old movie melodramas.

But is all what it seems? Where does Hurt go when he vanishes for minutes or hours, returning with a luxury food hamper from his "mother"? Who is "Marthe," the name on Julia's sleep-talking lips? Why do both men, on different days, get food poisoning from the prison beans?

Kiss of the Spider Woman is little more than a gigantic duet for two, with some mesmeric mystery and fantasy sequences thrown in. (We are shown Hurt's movie stories as he recites them, in sepia-tinted chiaroscuro as if Fritz Lang had been let loose on a French Resistance pastiche). But two stupendous performances and faultless pacing by Babenco, best known for another South American prison film, Pirato, make the result electrifying.

each other like reluctantly fascinated scorpions: the political rebel for whom struggle and if necessary self-sacrifice are all, and the homosexual for whom fantasy, romance and self-dramatisation are all, and for whom — at least at first — political struggle is macho ado about nothing.

A far cry from Death Wish 3, which galumphs on to our screens with star Charles Bronson and director Michael Winner once more keeping

ridden Manhattan was created for Mr B to run amok in. Top marks to designer Peter Mullins for the job. And odious as is the film's call to vigilantism, and basic as are its script, acting and direction, one cannot but admire the fact that from first frame to last it moves along like the clappers.

Reanimator also offers us mayhem: this timemore visceral in character, with severed heads, lopped arms and flying entrails all in featured roles, and all depicted in the interests of medical science.

When sinister young Herbert West (Bruce Abbott) enrolls at the Macabrous Medical School, his first question at his new digs should surely have aroused suspicion. "Does the building have a basement?" he asks. It does.

However, we must all agree that the week's true horror is The Sure Thing. This was my in-flight movie both ways across the Atlantic last November. (I broke my spectacles early on the return flight, a surely Freudian accident).

Winsome dialogue, TV-commercial visuals and puppy-dog performances produce a film that makes Love Story seem like Heloise and Abelard. Surely you would do better to respect without the smallest waver the convenience that call for mezzos in mezzo roles. But the contrasts of vocal colour between the two women were successfully caught, none of Amneris's lower-lying music was shirked or skimmed and, in general, the singer's tremendous resources of vocal power were employed not promiscuously (as in the Covent Garden Tyrannos they appeared to be), but to Et a powerful focus on the character amid all the carry-on of Ronconi's Trial Scene.

Opera in Italy Max Loppert The 1985-86 Milan opera season opened with Aida. Though La Scala is perhaps the world's Aida theatre per excellence — stage, auditorium, and acoustics all conspire to do justice to its every aspect — the work had not been given there for 10 years. And so, for its return, all the stops were pulled out.

Lorin Maazel conducted, Luca Ronconi produced in sets (which looked as though they had cost the equivalent of Britain's total annual opera budget) by Mauro Paganò and costumes by Vera Maroz; the first cast was led by Luciano Pavarotti, Maria Chiara, and Ghena Dimitrova. Lavishness was also indicated in the provision of two front-rank basses—Nicolai Ghiaurou as Ramfis, Paata Burchuladze as the king — where most houses have to make do with one.

The result was a Big Show. As a spectacle it was always massive, often complicated (in Ronconi's sunny, sandy Memphis, a great deal of construction work is under way during the course of the opera), sometimes undeniably impressive; the Grand Opera side of Aida was at no point neglected — and this, at least, counted in the producer's favour.

But the centre was heavy. Despite the plethora of scenic elaborations and embellishments, an impetus of fresh inspiration seemed to be lacking. Trolley after trolley of gigantic Egyptian rockface,

Capricorn/Bloomsbury Max Loppert

The latest Contemporary Music Network concert was introduced at the Bloomsbury Theatre on Wednesday night, before proceeding to five other centres across the country over the next ten days. It demonstrates freshly the admirable breath of this organisation's artistic concerns. For, in contrast with some of the more obviously "modern" programmes also on the 1986 touring schedule, the seven players of Capricorn have here prepared a recital of solid, thoughtfully worked, superficially unglamorous chamber music: pieces by three important European composers of middle years which all encourage close, concentrated listening, an intelligent and gimmick-free response (and

Capricorn/Bloomsbury Max Loppert

which they appeared to receive from Wednesday's decent-sized and encouragingly youthful audience). None of the works was new or a local premiere; all were greatly worth hearing (or, in my own case, hearing once again). Ligeti's Trio (1982) for horn, violin and piano seems already to have attracted the status of an indispensable repertory addition, and no wonder. Written as an openly admitted "homage to Brahms," for the forces that Brahms employed on a single, crucial masterpiece, it is in no way Brahmsian in sound or style. And yet an impression of late-Romantic characterisation (nostalgia? elegiac tenderness? a more exact or definite description proves elusive)

Travesties/Oxford Playhouse B. A. Young

The fact that Lenin, James Joyce and Tristan Tzara were all in Zurich during the war would suffice to fill a footnote in a history book. To a writer as imaginative as Tom Stoppard, it is enough to fill two and a half hours with great comedy, and if he has to doctor the details a little, it is easy to have them all recalled by a former diplomat whose recollections have become confused in his old age. Henry Carr, the diplomat, who remembers himself as the British consul (though it is possible that the consul may actually have been Bennett, whom he thinks of as his manservant), played the part of Algeron in an amateur production of The Importance of Being Earnest produced in Zurich by James Joyce, and was later involved in a suit for 25 Swiss francs over a pair of trousers. (He is mentioned in Ulysses as one of the soldiers, Private Compton and Private Carr.) If he had any significant connection with Lenin, busy in the public library while revolution ripened in St Petersburg, or Tristan Tzara, founding the Dada movement in the arts, history does not record it. Tom Stoppard can invent it all as he pleases. The play, written in 1974, is a sequence of hilarious encounters, with a little plot in the background based on The Importance of Being Earnest. Carr, who is courting Cecily, the library's only girl, is the brother Jack, a more romantic figure than a minor diplomat. The deceit is revealed in a scene based on the tea party in Wilde's play, and, for good measure, there is confusion between two manuscripts, a revolutionary paper by Lenin and a chapter out of Ulysses, that have been left for comment to the wrong brothers. The production, under Richard Williams' direction, begins

Travesties/Oxford Playhouse B. A. Young

here on imagination runs wild. Wilde is easy to deal with, as The Importance is well known and everyone spots the references. Joyce is harder, and Stoppard puts a lot of his dialogue into iimericks, the dialogue in Ulysses not being easy to adapt. As for Lenin (John Rolfe), Stoppard doesn't give up, and puts little action into his invention more than the various plots hatched for the escape by sealed train. But over all the half historical references the author pours a happy syrup of comedy and Wednesday's house, clearly an intellectual one, laughed almost as often as they coughed. Chris Hunter's Carr is lively and comic when he is in the younger mode, as he is for most of the play, but the older man is not different enough. He is still the younger man with an old hat over his black hair and a voice untouched by senility. Mr Hunter has a very long introductory soliloquy, and he would be helped by more activity than occasional light changes. Tzara is played almost farcically by David Goodland illustrating Dadaism's contempt for serious behaviour. When Carr is masquerading as his brother Kit Reading, the costume designer dresses him in a cross between Tzara's frivolous untidiness and his normal Englishness. David Mallinson does not try to suggest anything serious about Joyce, as Stoppard has not, but strides about in search of universal admiration, sounding like a Dubliner though not much like the records of James Joyce. The production is destined for a tour, which perhaps explains the rather lightweight look of Mr Terry Flood's sets, though not why everything in Carr's flat is hung with white cloths as if they were about to go away on holiday.



Natalie Ogle and Christine Kavanagh

Archaeologists dig for Basilica of Londinium

The most important archaeological dig in the City of London for many years is under way on the corner of Leadenhall Street and Gracechurch Street. It should provide crucial data on the Roman Basilica, the town hall of Londinium, and the largest Roman civic building constructed north of the Alps. The site of the Basilica was pinpointed in the 1920s but it is only now that archaeologists have had a chance to explore the original building. Built around AD 100 it covered eight acres, but the excavation will examine less than three-quarters of an acre

to the north east of the Basilica. However it is a key area, and, if the archaeologists from the Museum of London are correct, should reveal the offices of the city councillors, the treasury, an archive, shrine and other important municipal buildings. The dig will be the biggest undertaken in London for decades, with archaeologists following behind the demolition men. They must vacate the site by October. The Basilica was built on a hill at the end of the street which led to the first London Bridge. It stretched from Fenchurch Street to Leadenhall Street, and was the hub of civic life, both legal and commercial. A successful excavation should be able to plot the decline of the building, how much it was occupied by the Saxons, and also cover its revival as the site of the Leadenhall in the 13th century, then the key market for the wool trade. Initial explorations last year suggested there had been an even earlier building on the site, dating to the time of Nero, around AD 50. Some of his coins were found. The site is owned by the City of London but has been leased by Legal & General which is building offices for letting. Legal & General has contributed

£150,000 to the dig, as well as allowing archaeologists access. English Heritage has given another £150,000, but there is still £140,000 to be raised by public appeal. To encourage donations a viewing gallery has been constructed over the site so that progress can be monitored. Any finds will go to the Museum of London—as well as pottery and coins. The archaeologist in charge, Mr Brian Hobley, has hopes that religious buildings might be uncovered with statues of Roman and Celtic gods, and the contemporary Roman Emperors. Antony Thorncroft

Saleroom/Antony Thorncroft Old Masters out of favour

The first important auction of the year—of Old Master paintings at Christie's New York on Wednesday—established a depressing tone, with total of \$2,592,810 (£1,763,816), but 45 per cent unsold. However the most highly prized painting on offer, a view of a Brazilian sugar plantation by the 17th century artist Frans Post, did find a buyer, at £299,320, the lower end of its estimate. Not surprisingly two Spanish paintings in a style now out of fashion failed to sell—a Velasquez portrait was bought in at \$220,000 and a Zurbaran "Immaculate Conception," at \$85,000. A scene of travellers refreshing themselves at a tavern by the 17th century Dutch artist Isaac van Ostade was also unsold, at \$140,000. London dealers were successful bidders, Broad paying £99,796 for a farmyard scene by David Teniers the Younger, and Agnew £74,930 for "Perseus with the head of Medusa" by Sebastiano Ricci. A Pennsylvanian private collector bought "A peacock and other birds in the gardens of a palace" by Melchior de Hondecoeter for £294,422, well above target. In London this week the auctions have been more modest but not without interest. Phillips set a record for a Britain's toy model of a Salvation Army Band, of £2,470. The band produced in 1938 was split into four lots, and the proceeds will go to the Salvation Army International Training College Appeal. The previous best for the same band had been £1,400. At Sotheby's a first edition of George Orwell's "Homage to Catalonia" fetched £550, way above its £180 top estimate. When first published in 1938 it sold for 10s 6d.

Opera for the under-30s

Hard behind Mr Paul Hamlyn's generous £250,000 gesture which this week enabled first time visitors to Covent Garden to watch ballet at reduced prices comes news of a similar programme for opera lovers. From March 23 to April 17 the London International Opera Festival will encourage the under 30s to make contact with opera. Fully staged operas at the Coliseum, concert performances at Covent Garden, recitals, opera films, and singers in the Covent Garden Piazza and in restaurants are part of the programme, which is sponsored, to the tune of £50,000, by Hilldown Holdings. The key element in the Festival is a Youth Subscription Scheme, which, for £23, offers anyone under 30 access to four events. A. T.

Advertisement for Phillips jewelry. It features a large necklace with a butterfly pendant and a pair of earrings. Text includes: 'This South Sea cultured pearl necklace, Victorian diamond butterfly brooch, and part of diamond pendant and diamond earrings, sold in a recent sale and together REALISED £24,000'. Contact information for London, New York, and Geneva is provided.

Advertisement for the 1985-86 Milan opera season. It features a large necklace with a butterfly pendant and a pair of earrings. Text includes: 'The 1985-86 Milan opera season opened with Aida. Though La Scala is perhaps the world's Aida theatre per excellence...'. Contact information for London, New York, and Geneva is provided.

FINANCIAL TIMES

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Friday January 17 1986

The GEC bid for Plessey

WHILE the Westland drama has been dominating the attention of Ministers and the public over recent weeks, a more important industrial question involving some of the same participants, has been the subject of intense study in the corridors of Whitehall...

Guidance The past history of merger references provides little guidance in this case. The great electrical mergers of 1967 and 1968, when GEC took over Associated Electrical Industries and English Electric, were not referred to the commission...

Partly because of its past experience in the electrical industry, GEC regards itself as uniquely placed to carry out the necessary reorganisation of the electronics sector.

The benefits of deregulation

WHAT A PITY the OECD is so slow in publishing its economic reports. The first study of the US has the favour of a report written last summer: there is speculation about whether the dollar's decline will be sharp or slow...

Question The gap between research and publication means that the OECD report on the US can offer only indirect guidance on the principal macro-economic question of the day, which is whether co-ordinated interest rate reductions in the main industrial countries are now either feasible or desirable.

On this, the OECD adopts a surprisingly agnostic position, strangely reminiscent of that taken by Mr Donald Regan, the former US Treasury Secretary.

BRITAIN'S INDEPENDENT oil sector is experiencing its first recession—and the City is responding to the experience by trying to turn its investment in the country's North Sea explorers into cash.

One of the more remarkable deals was that involving Charterhouse, whose founder and chief executive, Mr Tony Craven Walker, decided to accept a £145m bid from Petrofina of Belgium only hours before he was due to be elected chairman of Brindex...

Even though the FT oil sector is at its lowest level relative to the FT all-share index since 1972—before the oil price shocks—the share prices of most UK independents are at a premium to asset value calculated on the basis of a constant \$25 oil price...

There are many differences between pharmaceuticals and electronics, but given the profound change in industrial structure which a GEC-Plessey merger would set in train, it is reasonable to ask the commission to examine what economies of scale are available and how likely they are to be achieved.

There are also important general issues to consider, notably the link between concentration in the home market and international competitiveness—a matter which the commission dealt with unsatisfactorily in its 1985 report on GKN-Associated Engineering.

Plessey runs by the rule

A group of very hoarse senior executives from Plessey, the electronics group fighting off a £1.2bn bid from GEC, testified yesterday to the determination of the Take-over Panel to see its rules enforced.

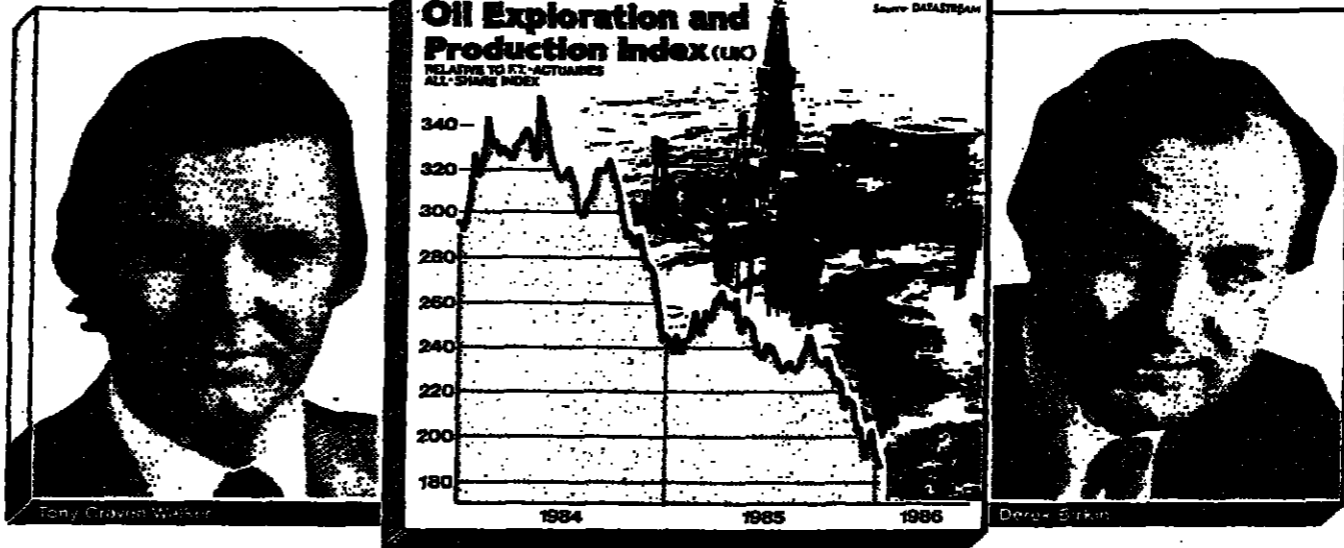
Plessey's plan to fly a large squad of stockbrokers on Wednesday from London to its Liverpool factory, where systems X digital telephone exchanges are made, was thrown into confusion at the last moment by the Panel's insistence that the company adhere strictly to Rule 19 governing the supply of information to shareholders.

This rule bars a company from talking to selected shareholders. If a meeting is called, it must be open to all.

The Panel's intervention meant that Plessey's programme had to be hastily rewritten and the invitations restricted to just six leading broking firms. Plessey was not allowed to talk to them together but had to deliver the same message six times, to each broking house individually.

Ringside seats? For the wrestling tonight or Westland's this afternoon?

UK OIL INDUSTRY



The recession tide strands the North Sea minnows

By Dominic Lawson

Even though the FT oil sector is at its lowest level relative to the FT all-share index since 1972—before the oil price shocks—the share prices of most UK independents are at a premium to asset value calculated on the basis of a constant \$25 oil price...

As the oil price weakened, many of the more indebted companies, under pressure from bankers, may have to sell their best assets. This week Tricentrol, whose rapid expansion in earlier years has given it a balance sheet ill-matched to falling revenues, announced it is to auction its highly prized stake in the Amethyst gas field.

Whereas the oil majors have a solid base of retained earnings to reinvest in such developments (and keep shareholders sweet), the UK independents are wholly reliant on the equity market for their funds.

It is no accident that the independent companies that have made it in the North Sea have done so in whole or in part on the Government's growth into maturity. Britoil and Enterprise are the most soundly-based

independents, and both had the financial backing of the state up to the point where they were privatised as major oil producers. Tricentrol required a Government guarantee on the loan to develop its share of the Thistle field, the field that turned it into a big company.

It is up to the companies to come up with innovative ways of funding their short-term growth problems in the absence of normal direct equity investment. Lasso last week agreed one such route, by selling new shares to Rio Tinto-Zinc, in exchange for a 29 per cent stake in high yielding Enterprise Oil.

It is up to the companies to come up with innovative ways of funding their short-term growth problems in the absence of normal direct equity investment. Lasso last week agreed one such route, by selling new shares to Rio Tinto-Zinc, in exchange for a 29 per cent stake in high yielding Enterprise Oil.

predator, and there are an awful lot of opportunities priced at around £50m that I want to be able to buy." Last year the Government made North Sea life even less appealing to the smaller entrepreneurial companies by declaring that henceforth no North Sea block could have more than 10 licensees, and that no one could sell out of a block without having made a contribution to its exploration and development.

But if the Conservative Government now appears to show most favour to the heavy-weight independents, this marks a significant policy shift.

In the early licensing rounds the Government, eager to exploit finds quickly, gave the best opportunities to large international oil companies. Conservative energy ministers used the example of the Thomson Organisation, which successfully invested in the North Sea in earlier rounds and generated much cash to fund its other businesses.

That prospectus for the North Sea does not endear itself to Mr Hearne of Enterprise, who has refused to give RTZ seats on his board. He says "Perish the thought that the UK oil independent sector closes down around BP, Shell and RTZ."

NORTH SEA EXITS LAST YEAR

Table with columns: SELLER, BUYER, PRICE. Lists various oil companies and their transactions throughout the year.

Men and Matters

Corrin said yesterday that the 'backbone of union membership on the island had resigned. Many members had been subjected to verbal abuse. Bernard Moffatt, local TGWU chairman, dismissed these claims, saying that Corrin was engaged in "a smear campaign" to launch the new union.

Manx break Britain's newest union is in the break-away mould that is fast becoming a feature of the British labour scene. John Corrin, a long-time trade unionist on the Isle of Man, has left the Transport and General Workers Union to form the Manx Democratic Workers' Union.

Flight path

Oil companies and the airline business are not always the best of friends, but yesterday's deal in which Moonie Oil of Australia has taken a 19 per cent stake in the UK independent, Clyde Petroleum, should put some money in the airlines' pockets.

Well placed

The Huguenots are getting a firm hold in the British business establishment. British Petroleum yesterday announced that Peter Cazale, chairman of BP Oil International, is to become deputy chairman of the UK's biggest company.

Turn of phrase

Blessed are they who run around in circles, for they shall be called "big wheels."

when he retires in three years time.

"Manifestly, there are two players in that game," Cazale says. "But if they were the only two in the system who could do the job, I'd be very distressed. We are crammed with talent."

The Cazalets, along with thousands of other Huguenots, may have fled from France in 1685. But Peter Cazale talks of the system who has interests in French oil exploration.

The scene seems set for a replay in miniature of the Scargill v Lynk battle in the pits.

At least Mitchell already owns a flat in Pimlico in which he can recover from yet another bout of jetting. As for Phipps, former Labour MP and SDP parliamentary candidate, "I already fly a lot to Ecuador, where we have some oil production," he says.

Within BP, the feeling is that the key fight will be between managing directors Robert Horton and David Simon, both 45, for the amiable Cazale's job.

Closer to the Bank of England than the Stock Exchange

Advertisement for 15 MOORGATE LONDON EC2, a 23,600sqft air-conditioned office building. Includes a map showing the location near Moorgate, Lothbury, and Threadneedle Street.

Advertisement for DEBENHAM TEWSON & CHINNOCKS, a 23,600sqft air-conditioned office building. Features include 52 position dealing room, two computer rooms, and kitchen and dining rooms. Contact number: 01-236 1520.

THE British Government is probably over the worst of the political crisis arising from its handling of the Westland affair. But it has been a close-run thing, leaving casualties all along the way, and the political ramifications will go on.

Politics Today: the Westland affair

Mr Brittan survives a crash-landing — so far

By Malcolm Rutherford

The word is that, almost whatever happens at today's meeting of shareholders in the Royal Albert Hall, a financial restructuring of the company is in sight. The key figure is Mr Alan Bristow, the former helicopter operator who wanted to buy Westland in the first place, then backed off when he discovered the precarious nature of its finances and later re-emerged as a shareholder, apparently on the side of the European consortium.

Mr Leon Brittan, the Trade and Industry Secretary, now thinks that Mr Bristow's main desire is to run the company and would be prepared to go along with any credible partnership that made that possible. So much for Westland. Now for the politics. Mr Brittan had to save himself — since not too many people, including the Prime Minister, did much to help him. It was touch and go until Commons on Wednesday evening whether he would survive.

He was extremely nervous, had listened to some stinging attacks on him — in particular from Mr James Callaghan, the former Labour Prime Minister, who more or less told him to go back to making music at the bar — and there was always the possibility that he would be hauled down when he came to speak. In the event, he succeeded in holding the House at least for the first 20 minutes, then ran out of time before answering some of the more telling accusations against the Government, such as the Foreign Office had asked the Italian authorities not to send any more messages in favour of the European consortium. It was enough to reassure most Conservatives, and even to persuade much of the Labour Party that Mr Brittan is not out yet.



Ashley Ashwood

to leave the Cabinet room last Thursday she is said to have remarked, in his hearing: "Now let's sort out something simple — like the common agricultural policy." The rest of the Cabinet burst out laughing. But one source present says that it was not meant to be a joke. It was the Prime Minister expressing her frustration that something she had thought so minor had blown up into something so major.

There is at least one large fault on Mrs Thatcher's part. Once the idea of a European solution to the Westland problem had been approved by Ministers, however vaguely, in principle, there was some obligation to pursue it, or at least to follow what Mr Heseltine was up to. After all, he was known to the Cabinet as a fervent European. He was the Defence Secretary and the Minister for the Westland project, and he had shown last summer when he helped secure the arrangements for the European fighter aircraft. It was dangerous to let him go off foraging on his own while the rest of the Government was busy with the arrangements for the European fighter aircraft. It was dangerous to let him go off foraging on his own while the rest of the Government was busy with the arrangements for the European fighter aircraft.

While privately believing that the Sikorsky solution was the only one that could come off, Mr Heseltine's determination, sooner or later there was bound to be a clash. It is a blot on the Government's record that it was not foreseen and forestalled. Nor did Mrs Thatcher come easily to the aid of Mr Brittan, once the Defence Secretary had resigned and gone public. It was perfectly clear by mid-way through last Sunday that Mr Heseltine was making a fight of it. Why else did he give so many interviews and indeed even appear to have the television cameras installed in his house?

Lombard The city needs a sacrificial lamb

By Richard Lambert

THE STOCK EXCHANGE is doomed. To the new competitive environment of negotiated trading in listed securities, trading in listed securities will inevitably drift away from the central market place. Hideous conflicts of interest will arise within securities firms, undermining public confidence in the established system. Institutional investors will begin to bypass the exchange altogether, and deal directly with each other. After years of prospering as a cartel, the exchange has very little chance of adapting itself to a harsh new world.

Inconsistent policies

From Mr D. Savers, Sir, — The Westland affair is one example of the inconsistency of the Government's industrial policy, and the magnitude of the crisis it has produced is partly to be blamed on this inconsistency. Politicians and industrialists cannot know what to expect from a government that is happy to leave a defence contractor to find its own salvation, even if it chooses to do so with the policy of its own Ministry of Defence, yet will intervene to subsidise commercial aircraft, aircraft engines, information technology and cars, and is reported (January 13) to be pressing American firms to agree to sell control of their British subsidiaries to British companies.

Letters to the Editor

the Government's attitude to Westland all the more necessary, but it was the crisis over Westland which would have been less likely to have arisen. But ministers have been left to behave like local potentates, and the MOD might well wonder why opposition to American interests in the defence industry should be directed more to private commercial companies who will ultimately benefit from its fruits. If such companies do not support universities in this way, then they have less right to complain about their research performance and the quality and quantity of their graduates.

Nuclear power stations

From the Chief Executive, Northern Engineering Industries Sir, — David Fishlock's article of December 22 was in the context of announcements by the Central Electricity Generating Board that some £100m would need to be spent on three of the first five advanced gas-cooled reactors ordered in the 1960s, to bring them to an acceptable operating state. His article contained a lot of criticism of the AGR system in general, but it hardly mentions the two successful Hinkley "B" and Hunterston "B" stations, which have been giving satisfactory service for a number of years (close on a decade), and does not mention at all the Heysham "1" and Torness stations which are similar to them, and are now at an advanced stage of construction.

Wary of the Americans

From Mr C. Hadfield Sir, — Whether Westland should continue in existence by courtesy of the Government's support seems to be the question on everyone's lips. Experience in this part of the world has warned us to be wary of American aid in business matters. David Brown was named as a beneficiary of American aid for many years before it was "helped" by the US company Case.

Save British science

From Dr J. Lambert Sir, — As a physicist working in British industry, I feel no obligation to support the sentiments of the "Save British science" campaign which began on January 13 to attract more Government money for basic science research at universities.

Riding the rails

From Mr R. Gibbons Sir, — The statement in your article of January 13 on the General Motors diesel locomotives being delivered to Foster Yeoman, to the effect that these would be the first privately owned locomotives to operate regularly on British Rail, had us railway buffs reaching for the record books.

THE CME'S NEW ECU FUTURES: When your risk is all over the map, your protection should be too.

Map of Europe showing countries: Ireland, Denmark, UK, Netherlands, Germany, Belgium, Luxembourg, France, Italy, Greece.

When you face exposure in more than one European currency, you need protection that covers a lot of ground. The European Currency Unit (ECU) futures contract at the Chicago Mercantile Exchange's International Monetary Market (IMM) gives you the coverage you need.

The ECU futures contract also makes an effective hedge for firms with exposure in European currencies without futures contract, for example, lenders and borrowers can lock in attractive interest rates.

ECU futures cover Europe 10 ways The ECU is a unit of account whose price reflects the value and performance of 10 European Economic Community currencies with the components weighted by the relative size of each country's economy. It is rapidly becoming a popular medium of exchange for European — and global — trade and finance transactions.

Table with 2 columns: CONTRACT SPECIFICATIONS and U.S. DOLLAR/ECU EXCHANGE RATE. Includes trading units, quotation, price limits, and a line graph showing exchange rate from Jan 1982 to Nov 1985.

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Hedge currencies lacking futures and forwards Because the CME's futures contract is based on a basket of currencies, it has unique versatility. For instance, it offers the ideal hedge for many combinations of European currencies. No opinions on the relative strengths and weaknesses of individual currencies are required, and there's the added advantage of transaction cost savings.

Protection that goes where you need it For more information about how the new ECU futures can help you protect yourself anywhere in Europe, talk to your broker or call Keith Woodbridge or Neil McGeown at Chicago Mercantile Exchange, 27 Throgmorton Street, London EC2N 2AN. Tel: 01-920 0722. Telex: 892577 IMM LON G.

CHICAGO MERCANTILE EXCHANGE FUTURES AND OPTIONS WORLDWIDE International Monetary Market



FRANCE 'WILL BACK CO-ORDINATED POLICY'

Fed official rules out G5 rate cut

BY GEORGE GRAHAM IN LONDON

A SENIOR US central banker yesterday ruled out any prospect of a co-ordinated interest-rate cut...

dealing with the aftermath of disinflation. "In the Federal Reserve we are very much aware that the inflationary psychology may have been subdued...

Mr. Bérégovoy himself said at a reception on Wednesday: "A cut in interest rates would be good for everyone, including the developing countries."

Mr. Bangemann's remarks were described openly in Bonn as a violation of the confidentiality rules surrounding G5 meetings...

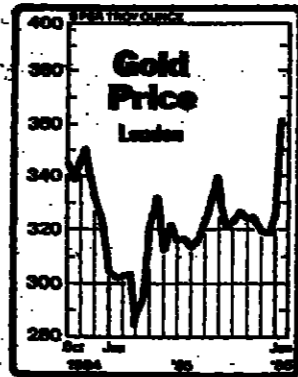
SA bank rate cut as gold index hits new peak

By Anthony Robinson in Johannesburg

THE South African Reserve Bank yesterday reduced its bank rate from 13 to 12 per cent, followed by a 1 per cent drop in commercial bank prime rates to 15.5 per cent...

THE LEX COLUMN

Flying the flag with Hanson



statement on the year to October was miserably thin in detail, particularly given Imperial's excellent record of disclosure...

Clyde to pay \$25m for N. Sea oil stake

By Dominic Lawson in London

CLYDE PETROLEUM, the UK oil exploration company, yesterday announced a series of transactions designed to make the company a well armed predator in the continuing shake-out in UK independent oil sector.

Clyde will buy from Texaco, the US oil company, a 0.75 per cent stake in the Forties oil field, the North Sea's biggest, for \$25m. Most of the cost will be funded by issuing Texaco with 22m Clyde shares...

Oil prices fell sharply on European markets amid renewed anxiety about the imbalance between world supply and demand.

company with a market capitalisation of about £100m (\$144.2m) will take a 19 per cent stake in Clyde. Moonie, shares of which are listed in London, will not take more than a 20 per cent stake in Clyde without the consent of the Clyde board.

At the same time, Clyde announced that it had negotiated a \$125m credit facility with a syndicate of banks led by Manufacturers Hanover.

Dr Colin Phipps, Clyde chairman, yesterday described the \$125m loan as "my battle chest". Dr Phipps, who is also chairman of the Association of British Independent Oil Exploration Companies (Brindor), added: "There will be continued rationalisation of the UK independent oil companies, and we want to be a predator, not a takeover target."

"We can see lots of opportunities costing about £50m and we want to be in a position to take advantage." Moonie chairman Mr Peter Mitchell said the company saw the link with Clyde as the best path towards diversifying out of its Australian base. Last year, Moonie announced its intention to expand internationally, and acquired a 40 per cent stake in Avalon, a US oil group.

Dr Phipps said a full merger between Clyde and Moonie was a possibility, but there were some political obstacles. The UK Department of Energy would not look so favourably on Clyde if it was felt not to be a British company, while the Australian Foreign Investment Review Board objects to a foreign company's taking more than a 15 per cent stake in an Australian company.

Berkeley Exploration and Production, another oil company, has acquired Texaco's remaining 0.25 per cent stake in Forties and has sold part of its interest in North Sea blocks 48/18b and 49/18b to Lasmo for £2.5m.

Feature, Page 18

Matra takes over CGCT's private telecoms business

BY PAUL BETTS IN PARIS

MATRA, the French state-controlled electronics and defence group, is taking over the private telecommunications business of Compagnie Générale de Télécommunications (CGCT).

The move might have important implications for the prolonged efforts of Compagnie Générale d'Électricité (CGE), the nationalised electronics engineering group, which has been striving to set up an alliance with American Telephone and Telegraph (AT&T).

To secure AT&T's support to sell its public telephone switching equipment in the US market, CGE has proposed a deal whereby AT&T would gain a 16 per cent share of the French public telephone exchange market by linking with CGCT, which controls that stake in the domestic public switch market.

However, the French post and telecommunications ministry and other government departments have cooled significantly on the CGE-AT&T deal. A decision on the transaction has been postponed until after the March 16 general elections, which the right-wing opposition is widely expected to win.

At the same time, senior opposition industry spokesmen have also recently expressed their misgivings on the CGE-AT&T project.

By encouraging an agreement between Matra and CGCT on the former ITT's private telecommunications business, the Government has reduced the manoeuvring room in the CGE-AT&T negotiations.

Under the original CGE-AT&T plan, AT&T and its Dutch partner Philips were to have associated themselves with CGCT in the public telecommunications field, while Philips would have linked with CGCT in the private telecommunications sector, which accounts for about half CGCT's business.

However, the French Government subsequently encouraged a "French solution" for the private telecommunications businesses of CGCT. Matra was in competition for the CGCT system against Jeumont-Schneider, the telecommunications subsidiary of the private Empain-Schneider group.

The Matra-CGCT deal will initially see Matra take a 20 per cent stake in a new company grouping together CGCT's private telephone business. After two years, Matra will increase its stake in the new company, taking a majority interest. To support the new venture, the Direction Générale des Télécommunications (DGT), the French telecommunications authority, will grant about FFf 200m (\$25.5m) in financial aid to the Matra-CGCT association.

Both companies say the alliance will strengthen their business in private telephone sets, terminals, private switches and radio telephones. They will also be linking their research activities. Matra's telecommunications subsidiary employs about 27,000 people and had sales of about FFf 1.3bn last year.

In a further effort to cut losses and return the company to a more viable footing, CGCT wants to reduce 1,300 jobs out of a CGCT group total of about 7,000 people. -CGCT expects to lose FFf 250m in 1985 after a deficit of FFf 1bn on sales of FFf 2.7bn in 1984.

But the CGCT job cuts are posing another serious headache for the Government because about 500 jobs are in the depressed north of the country. The latest job reductions might thus have serious political repercussions for the Socialists in the north during the election campaign.

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OECD warns on stability of dollar

Continued from Page 1

move into a net international debt or position for the first time since the First World War.

The OECD also says that other countries - which it does not name - should be prepared to take up some of the slack in the world economy caused by slower US growth. The OECD's reference, in diplomatic language, to the need for overall "policy settings" to sustain world growth is based on OECD economists' view that West Germany and Japan could do more to generate non-inflationary expansion.

Pointing out that the US current account deficit is likely to rise to nearly \$150bn this year, the OECD says that the overall current account shortfall during 1983 to 1986 will have been more than \$400bn.

Setting down its view - which is opposed by the US Administration - that high real US interest rates have been caused in part by the budget deficit, the Secretariat says that the transfer of excess world savings to the US is more likely to have financed additional government spending, private consumption and house-building than productive investment.

The OECD warns that the build-up of US international debts could set off a "slow working but powerful destabilising mechanism".

Alusuisse chiefs to quit after reports of losses

BY JOHN WICKS IN ZURICH AND IAN RODGER IN LONDON

THE CHAIRMAN and the chief executive officer of Alusuisse, the troubled Swiss aluminium producer, will resign within the next few weeks, the company said yesterday.

The dramatic shake-up at the top of the company follows unconfirmed reports that it lost heavily last year and may have to bear substantial write-downs from assets.

Alusuisse, one of the traditional leaders in the world aluminium industry, has been hit hard by the depressed state of world aluminium prices for most of the past five years.

After three years of losses between 1981 and 1983, it made a profit of SFf 168.7m (\$80.95m) in 1984 on the strength of a short-lived recovery in aluminium prices. The company would not confirm reports yesterday that it had lost SFf 90m in 1985 and would have to write down its assets by SFf 250m.

The Alusuisse board is to meet in the next few days, although it was not clear yesterday that a decision would then be reached on the resignations of the chairman, Mr Emanuel Meyer, and the chief executive, Mr Bruno Sorato. The company would only say that Mr Meyer and Mr Sorato would resign "at the latest at the shareholders' meeting scheduled for April 22".

The designated successor of Mr Meyer is Mr Nello Celio, who is already on the board. Mr Celio had been the company's chairman before joining the Swiss Cabinet in 1987, where he served as defence minister and subsequently finance minister between 1987 and 1973.

Mr Hans Jucker, currently head of the group's chemical subsidiary, Lonza, and a member of the parent company executive committee, is expected to take over from Mr Sorato.

Alusuisse is the world's sixth largest aluminium producer, with smelting and fabricating plants located around the world.

In common with other integrated groups, such as Aluminum Co of America, Pechiney of France and Alcan of Canada, it has faced increased competition from independent smelters in developing countries in recent years and a slowing in the growth of demand for the metal.

Alusuisse has worked hard to diversify its interests, but aluminium still accounted for about two thirds of its total sales of SFf 4.1bn in the first half of last year.

There was widespread speculation yesterday that external auditors had demanded that Alusuisse write down its assets by SFf 250m after earlier overvaluations.

Fresh Soviet proposal on missiles

Continued from Page 1

US and Soviet negotiators went into yesterday's two-hour session and retired behind the veil of "confidentiality" under which it is agreed that the talks in Geneva are to be conducted.

Responding to reporters' questions, Mr Reagan said: "We're very grateful for the offer" and he promised to study it with great care. He added, however, that the final US response would depend on what happened at the arms control talks.

Mr Reagan noted that this was "just about the first time" that a Soviet leader had proposed actually eliminating all nuclear weapons.

World Weather

Table with columns for location, temperature, and weather conditions for various global cities.

Westland vote today

Continued from Page 1

helicopters in the (Hanson) conglomerate did not add up."

Peter Riddell, Political Editor, writes: Senior Conservative ministers yesterday rallied round Mr Leighton Braddick, the Trade and Industry Secretary, as the opposition and Mr Michael Heseltine, the former Defence Secretary, continued to press their criticisms of the Government's handling of the Westland affair.

After Wednesday's dramatic House of Commons debate, friends of Mr Braddick claimed that he was now over the worst and had won some breathing space after the previous time to counter the damage of the past fortnight.

yesterday there was "no question" of him resigning. Mrs Thatcher is reported to have congratulated him on his robust performance in the debate, in contrast to her previous rather detached attitude.

Nevertheless, neither Mr Braddick nor the Government is yet out of the woods. There are still a number of unanswered questions and the Government faces a major inquiry by the defence select committee, starting next week. Senior Conservatives recognise that it will take some time to counter the damage of the past fortnight.

Advertisement for Clyde Petroleum plc featuring a logo, company name, US\$125,000,000 Corporate Credit Facility, and a list of participating banks and agents.

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday January 17 1986

Advertisement for R.J. Hoare Leasing Limited, featuring a crown logo and text: 'We set more wheels in motion'.

Advertisement for GUY SALMON, 'The finest service in chauffeur drive', with phone number 01-730 8571.

Electricité de France breaks out of the red

By David Marsh in Paris

ELECTRICITÉ de France (EDF), the French electricity utility which is one of the largest borrowers on international capital markets yesterday announced a net profit of FF900m (\$120m) for last year and said it planned to take gradual steps to reduce its outstanding debts of FF9.215bn.

Security Pacific maintains growth

By William Hall in New York

SECURITY PACIFIC, the big US West Coast banking group is continuing its steady growth, and yesterday reported a 10.9 per cent rise in 1985 net income to \$322.8m, or \$4.35 per share.

MCA buys stake in Cineplex to extend cinema network

By Bernard Simon in Toronto

MCA, the California-based entertainment conglomerate, is to extend its distribution network by buying a substantial interest in Cineplex Odeon of Toronto, North America's largest theatre operator.

Sound start at Walt Disney

By Our Financial Staff

WALT DISNEY Productions, the US movies and leisure group, yesterday reported a solid start to its fiscal year with first-quarter net profits up from \$32.2m, or 95 cents a share, to \$34.7m, or \$1.04.

Turner alters MGM/UA offer

By Our New York Staff

MR TED TURNER, the flamboyant TV entrepreneur from Atlanta, has revised for the second time the terms of his \$1.5bn bid for MGM/UA Entertainment, the Hollywood film group, and has substantially reduced the cash element of the bid.

Major Swiss chemicals groups reach record turnover levels

By John Wicks in Zurich

SANDOZ and Ciba-Geigy, the Swiss chemicals and pharmaceuticals groups, reported record turnover during 1985 with Sandoz directors recommending a higher dividend on its participation certificates.

Apple expands ties in personal computers

By Louise Kehoe in San Francisco

APPLE COMPUTER, the Silicon Valley personal computer manufacturer has established "strategic alliances" with several computer and communications companies designed to ease its path into the business personal computer systems market.

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General Electric results flat

By Terry Dodsworth in New York

GENERAL ELECTRIC, the leading US electrical products group, reported virtually flat earnings and sales last year. The results reflected the general sluggishness of the economy, the group said.

Macy buy-out plan approved

By Our New York Staff

THE BOARD of R. H. Macy, the New York department store group, has unanimously approved a \$3.5bn management buy-out, the biggest deal of its kind in US retailing history.

Work to start on Volvo plant

By Kevin Done in Stockholm

VOLVO, the Swedish automotive group, is to press ahead with the construction of a new car assembly plant in Sweden, but growing environmental demands have forced it to postpone plans for the associated body and paint shop.

Thyssen unit forms link with Chinese

By Rupert Cornwell in Bonn

THYSSEN HANDELSUNION, the trading arm of West Germany's biggest steel group, has set up in Duisburg a new subsidiary jointly owned with Chinese interests to further its rapidly expanding trade ties with China.

SA gold producers boost dividend

By Kenneth Marston, Mining Editor, in London

ANGLO AMERICAN Corporation's Transvaal gold producers have met the high expectations of industry analysts and increased sharply final dividends for 1985.

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GHH moves to complete MAN merger

By Our Bonn Staff

GUTEHOFFNUNGSHÜTTE (GHH) will offer six of its own nominal DM 50 shares for every seven held by 50 outside shareholders in its main subsidiary, the engine and engineering concern Maschinenfabrik Augsburg-Nürnberg (MAN).

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Advertisement for European Investment Bank, listing various bond offerings and member banks.

# CARROLL INDUSTRIES PLC

## Summary of Results for the year ended 30 September 1985

	1985 IRE000	1984 IRE000
Sales	276,831	252,441
Profit before Taxation (Current Cost)	11,577	5,804
Earnings per Share	12.8p	6.4p
Dividends per Share	7.8p	5.5p
Net Asset Value per Share at year end	79p	73p
Market Value per Share at year end (Issued Ordinary Shares 72 million)	134p	77p

### HIGHLIGHTS

- Results show anticipated recovery in the Group's affairs following the major restructuring undertaken in the Tobacco Division in the previous year.
- Since year-end the Board has approved a new investment of IRE2½ million in aquaculture—salmon farming.
- As a result of the higher profits earned and of the careful attention paid to the management of working and fixed capital, the overall financial condition of the Group has been strengthened further.
- At the end of the year cash balances exceeded IRE5 million and interest income in the year was IRE0.6 million.

Copies of the Report and Accounts are available on request from:

The Secretary,  
CARROLL INDUSTRIES PLC,  
Grand Parade,  
Dublin 6.

## INTL. COMPANIES

### DEC profits soar by 23% in quarter

BY PAUL TAYLOR IN NEW YORK

DIGITAL EQUIPMENT (DEC), the world's second-largest computer group, has reported a 23.4 per cent gain in fiscal second-quarter net earnings and a 14 per cent gain in revenues aided by a marked increase in demand, particularly in the US.

Meanwhile, Honeywell, the Minneapolis-based computer and control instruments group, posted a 8.6 per cent gain in fourth-quarter earnings from continuing operations, while full-year net income increased 17.8 per cent. However, earnings from continuing operations fell 7.8 per cent, excluding a special tax gain in 1984.

DEC said fiscal second-quarter net earnings in the three months to December 28 increased to \$126.1m or \$2.17 a share from \$110.3m or \$1.81 a share in the same period a year ago on revenues that grew to \$1,265m from \$1,030m.

The latest results, which were ahead of Wall Street expectations, lifted DEC's fiscal first-half net earnings to \$208.6m or \$3.36 a share on revenues of \$3,498m compared with net earnings of \$254.5m or \$4.24 a share on revenues of \$3,148m in the same period a year ago, when earnings were bolstered by a \$63.25m or \$1.07-a-share tax gain on the treatment of domestic international sales corporations (Disco).

Mr Kenneth Olsen, DEC's president, said: "Demand increased in the quarter, particularly in the US. This was due in part to the introduction and immediate availability of several significant products over the last 12 months." New products included the company's low-end MicroVax II system and the group's Vax 8650 Super-minicomputer, introduced early last month.

Honeywell also noted a substantial improvement in the results of its information systems group in the US.

Overall, the company reported fourth-quarter net income equal to \$127m or \$2.78 a share compared with \$81.8m or 88 cents a share in the 1984 period, when earnings were depressed by an \$8m loss on discontinued operations and a \$70.8m loss on the disposal of its Syntex subsidiary. Total revenues in the latest period grew by 15.9 per cent to \$2bn from \$1.75bn a year ago.

For the full year, Honeywell reported net income of \$222m or \$5.15 a share, including a \$6.2m or 14 cents a share recovery of a loss on discontinued operations, compared with net earnings of \$239m

### CIC group to raise FFr 500m

BY DAVID MARSH IN PARIS

CRÉDIT INDUSTRIEL et Commercial (CIC), the French state-controlled banking group is raising at least FFr 500m (\$66.6m) from the domestic and international capital markets from an issue of non-voting preference shares (certificats d'investissement) to be made at the end of the month.

The issue, announced yesterday by the group's holding company, Compagnie Financière de Crédit Industriel et Commercial, will lead to the entry of non-voting private shareholders to the tune of 15.3 per cent in the company's FFr 1.75bn nominal capital.

Following the issue, the state will own 60.25 per cent with the Suez financial group owning 5.75 per cent and the Groupe des Assurances Nationales insurance group 24.15

### N. AMERICAN QUARTERLIES

	1985-86	1984-85
Revenue	102.5m	179.5m
Net profit	12.6m	1.9m
Net per share	15.25	9.25
Dividends		
Revenue	100	100
Net profit	77.5m	200.5m
Net per share	14.5m	3.5m
Dividends	0.25	0.25

**THE NIPPON CREDIT BANK (CURACAO) FINANCE, N.V.**

Guaranteed  
U.S. \$50,000,000  
Floating Rate Notes  
due 1995

Notice is hereby given that for the interest period 17th January, 1986 to 17th July, 1986 the interest rate has been fixed at 8.75% interest payable on 17th February, 1986 will amount to US\$27.75 per US\$10,000 Note and US\$1,944.25 per US\$20,000 Note.

Agent Bank:  
Morgan Guaranty Trust  
Company of New York  
London

**U.S. \$50,000,000**  
**Banque Française**  
**Du Commerce Extérieur**  
**Floating Rate Notes Due 1991**

Interest Rate 8.45% per annum  
Interest Period 17th January 1986  
17th July 1986  
Interest Amount per U.S. \$50,000,000 Note due 17th July 1986 U.S. \$212,423.61

Credit Suisse First Boston Limited  
Agent Bank

**NOTICE OF REDEMPTION**  
**APS Finance Company N.Y.**  
U.S. \$75,000,000  
10 3/4% Guaranteed Debentures  
Due 1989

Notice is hereby given that APS Finance Company N.Y. has elected to redeem all of its outstanding 10 3/4% Guaranteed Debentures Due 1989 (the "Debentures") on February 1, 1986, at the Redemption Price of 101% of their principal amount, together with accrued interest to such date.


On February 1, 1986, the Redemption Price will become due from all Debentures, and interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing on or after February 1, 1986, are to be surrendered for payment of the Redemption Price at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York or at the main offices of any one of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust A.G. in Zurich, 5) Banque du Benelux S.A. in Brussels and 6) Banque Indomet Luxembourg in Luxembourg. In accordance with Section 119 of the Indenture, dated as of February 1, 1983, relating to the Debentures, the Debentures will be payable on or after February 3, 1986 at any one of the paying agents listed above.

This redemption is to be carried out pursuant to the provisions of the sixth paragraph of the form of Debenture, and all conditions precedent to redemption pursuant thereto have occurred.

APS Finance Company N.Y.  
By: Bankers Trust Company  
as Trustee

December 31, 1985

**U.S. \$150,000,000**




**Crédit Lyonnais**  
**Floating Rate Notes**  
**Due January 1993**

Interest Rate 8 3/4% per annum  
Interest Period 17th January 1986  
17th July 1986  
Interest Amount per U.S. \$10,000 Note due 17th July 1986 U.S. \$414.79

Credit Suisse First Boston Limited  
Reference Agent

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE 10th January, 1986



**ALLIED-SIGNAL INC.**  
(Incorporated with limited liability in the State of Delaware, U.S.A.)

**Japanese Yen 20,000,000,000**  
**6 3/4% Bonds Due January 10, 1993**

Issue Price: 101%, Plus Accrued Interest, if any, from January 10, 1986

Nomura International Limited	Mitsui Trust Bank (Europe) S.A.
Salomon Brothers International Limited	Union Bank of Switzerland (Securities) Limited
Algemene Bank Nederland N.V.	Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.	Banque Indosuez
County Bank Limited	Crédit Commercial de France
Credit Suisse First Boston Limited	Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft	Goldman Sachs International Corp.
IBJ International Ltd.	Kreditbank International Group
LTCB International Limited	Merrill Lynch Capital Markets
Morgan Guaranty Ltd	The Nikko Securities Co., (Europe) Ltd.
Orion Royal Bank Limited	Shearson Lehman Brothers International
Swiss Bank Corporation International Limited	Yamaichi International (Europe) Limited

December 27, 1985

**General Motors Corporation**

has acquired

**Hughes Aircraft Company**

The undersigned acted as financial advisor to General Motors Corporation in this transaction.

**Salomon Brothers Inc**

One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, London (affiliate)  
Los Angeles, San Francisco, Tokyo (affiliate), Zurich  
Member of Major Securities and Commodities Exchanges.

INTERNATIONAL COMPANIES and FINANCE

DM bond calendar system under fire from bankers

BY MAGGIE URRY

WEST GERMAN bankers are steadily getting used to their newly liberalised capital market. But one point of concern among them is the operation of the new issue calendar for foreign D-mark bonds.

Borrowers are not always happy to agree to such terms if the market is in less receptive mood, as it is now. This month only DM 900m has been launched so far out of a total of DM 5,650m, and bankers believe that the number of issues has been postponed, probably because of swap-related deals.

Table with columns: Month, Amount (Dm bn), Volume raised (Dm bn). Rows include May 1985, June, July, August, September, October, November, December, January 1986.

The new system was introduced in May last year at the time of the market liberalisation. Other changes allowed new instruments, such as floating-rate notes and zero-coupon bonds, to be issued, permitted swaps and led to foreign-owned (though German-based) banks to lead-manage issues.

Under the new arrangements, banks planning to bring issues in a particular month must inform the Bundesbank, the West German central bank, of the borrower and the size and date of the issue, three working days before the end of the previous month.

Since May, new issue volumes have risen significantly. From then until the end of 1985 the amount of paper expected but not issued was less than 20 per cent of the total — a figure little different to that before the changes, according to the Bundesbank.

Issues on the calendar which just might come, in case the market is strong or a swap is available. Says one senior German banker: "They put in everything that seems to be possible. It leads to an unnecessarily big number which often comes as a shock to the market."

Bankers agree that the Bundesbank can be flexible about issues, perhaps agreeing to a change of date or amount, though usually not of a large issue or an increase. Nor does the central bank object to an issue being postponed, but new borrowers cannot be substituted for issues on the calendar which are withdrawn. Nor can issues be introduced during the month.

UBS gives details of revised issue fees

By William Dufforce, in Geneva

UNION BANK OF Switzerland yesterday unveiled details of the cheaper fees that the Swiss big bank syndicate is offering foreign borrowers.

The new underwriting fees are 2 1/2 per cent on issues with maturities of eight to nine years, 2 1/2 per cent on 10 and 11-year issues, 2 1/2 per cent on issues of 12 to 14 years, 2 1/2 per cent on the 15- to 20-year range and 3 per cent for any maturity above 20 years.

The syndicate is abolishing the 1 per cent stock exchange listing fee it has taken until now, but is introducing a fixed SFR 125,000 out-of-pocket charge on each issue, whatever its size or maturity.

The management fee stays at 1 per cent for the first SFR 100m of an issue, 1 per cent on the next SFR 100m and 1/2 per cent on SFR 201m to SFR 500m. No management fee is charged for the portion above SFR 500m.

The saving in borrowing costs will favour the bigger value bonds with longer maturities. Total costs for a SFR 100m bond with a maturity of 10 years will be SFR 3m compared with the SFR 3.25m previously charged by the syndicate.

The Bundesbank is watching the market carefully and keeps the whole idea of the calendar under review, asking bankers occasionally whether they wish the system to continue. The Central Bank itself would like to prefer to keep the calendar because of its concern to keep the D-mark foreign bond market firmly anchored in West Germany and its sensitivity about the D-mark's role as a reserve currency.

Saab withstands market reversal

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

AN EARLY setback on Wall Street spilled over into the market weighed on a \$200m, 12-year 9 1/2 per cent issue for Philip Morris, launched yesterday morning at 100 1/2 per cent by Swiss Bank Corporation International.

Dealers said the market remains very nervous ahead of the meeting of Finance Ministers from top industrial countries this weekend, with some participants now sceptical of the ensuing prospect for any concerted action to cut interest rates.

Among new international bond issues a \$125m, five-year deal for Sweden's Saab-Scania was one of the few to withstand a market reversal that saw up to 2 1/2 points knocked off secondary market prices of fixed-rate dollar bonds.

Led by Enklida Securities with a 9 1/2 per cent coupon and issue price of 100 1/2 per cent, it graded yesterday afternoon at a discount of 1 1/2 points, well within its 1 1/2 per cent total fee. The deal was helped both by the reality of the name — this is Saab's first bond for nine years — and by its launch on Wednesday night by Chemical Bank International.

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International borrowing climbs by 32%

BY ALEXANDER NICOLI

A SURGE in bond issues boosted borrowing on international capital markets to a record \$261.1bn in 1985, a 32 per cent increase on the previous year's \$197.1bn, according to the Paris-based Organisation for Economic Co-operation and Development (OECD).

The figures, which exclude merger-related standby credits, underline the trend towards securitisation. Not only did bond issues rise sharply, but funds committed to note issuance and similar facilities increased substantially and surpassed traditional syndicated bank lending, which continued to contract.

In the bond market, growth concentrated in Eurobond issues rather than in offerings by foreign issuers on domestic markets.

Borrowers from within the industrialised OECD area continued to account for about four-fifths of total funds raised, with the remainder coming from Eastern European countries.

Within the bond total floating rate notes, which totalled only \$19.5bn in 1985, showed another sharp increase last year, rising from \$38.2bn to \$58.4bn.

The rise in bond issue volume was accompanied by a sharp increase in turnover on the secondary market. The value of transactions settled through Euroclear, the Brussels-based Eurobond clearing system, rose 42 per cent last year from \$1,029bn to \$1,457bn, nearly three times its turnover in 1982.

Transactions cleared by its Luxembourg-based rival, Cedel, rose 47 per cent to \$762bn. There is some double-counting between the two systems' totals.

Euroclear dealt with 4.4m transactions last year, up 44 per cent on 1984, and held on its members' behalf securities worth \$274bn at the year-end, up 50 per cent on a year before. Participants in the system rose 1,995 to 1,811.

Both Euroclear and Cedel recently introduced same-day settlement services for Euro-commercial-paper.

FT INTERNATIONAL BOND SERVICE

Listed are the 300 latest international bonds for which there is an adequate secondary market. Closing prices on January 16.

Table with columns: Country, Issued, Bid, Offer, Day, Week, Yield. Rows include US Dollar, Deutsche Mark, Swiss Franc, Yen, and various international bonds.

DOMESTIC BOND MARKETS

Tokyo firm but off early highs

Government Yen bonds ended firmer but off early highs as market hopes of co-ordinated interest rate cuts at this week-end's G-5 meeting faded. The yield of the No 78 6.2 per cent 10-year bond came at 5.55 per cent against its Tuesday close of 5.79 per cent. The yield of the 68th 6.8 per cent bond was 5.980 against 6.000.

Frankfurt heartened

In Frankfurt bond prices rose by as much as 25 pence in a moderately active market. Operators took heart from the higher close on US credit markets yesterday and comments on the weekend G-5 meeting in London.

Zurich little changed

In Zurich institutional investors with large amounts of liquid assets still to be invested partially turned to foreign bonds after heavy spending on domestic issues in the last few days. Domestic bonds traded unchanged to higher. Option bonds of major banks closed up to 2 points higher.

Amsterdam steady

Dutch bond prices slipped from early highs but maintained a firm undertone. Moderately active business concentrated on the 7 per cent state loan due 1996, 30 basis points up from yesterday's close at 101.30, and the 8.75 per cent due 1995, up 20 to 100.00. Both were 10 points off the highs due to sales aimed at making room for the new 6.75 per cent ten-year issue announced yesterday. Agencies

MARINE MIDLAND BANKS, INC. Floating Rate Subordinated Notes Due 2000. Includes list of banks: Merrill Lynch Capital Markets, Shearson Lehman Brothers International, Hongkong Bank Limited, Bank of Tokyo International Limited, Bankers Trust International Limited, Banque Paribas Capital Markets Limited, Girozentrale and Bank der osterreichischen Sparkassen, Kyowa Bank Nederland NV, LTCB International Limited, Mitsui Finance International Limited, Morgan Stanley International, Sumitomo Trust International Limited, S. G. Warburg & Co. Ltd.

NEW ISSUE These Bonds having been sold, this announcement appears as a matter of record only. January 1986



IMATRAN VOIMA OY

(Incorporated with limited liability in Finland)

ECU 50,000,000

9 per cent. Bonds due 1996

KANSALLIS BANKING GROUP

- POSTIPANKKI
BANQUE INDOCHINE
BANQUE NATIONALE DE PARIS
KREDEITBANK INTERNATIONAL GROUP
BANCA COMMERCIALE ITALIANA
BANK MEES & HOPE NV
CAISSE DES DEPOTS ET CONSIGNATIONS
CREDIT AGRICOLE
CREDIT SUISSE FIRST BOSTON LIMITED
CIBZENTRALE UND BANK DER OSTERREICHISCHEN SPARBASEN
ISTITUTO BANCARIO SAN PAOLO DI TORINO
RABOBANK NEDERLAND

BANQUE GENERALE DU LUXEMBOURG S.A.

- BANK BRUSSEL LAMBERT NV
BANQUE INTERNATIONALE A LUXEMBOURG
GENERALE BANK
WESTDEUTSCHE LANDESBANK
BANK FÜR GEMEINWIRTSCHAFT
BANQUE PARIBAS CAPITAL MARKETS LIMITED
COMMERZBANK AG
CREDIT INDUSTRIEL D'ALSACE ET DE LOURRAINE
DRESNER BANK AG
KLEINWORT BENSON LIMITED
SOCIETE GENERALE

Al-Mal Group

- Al-Sabah Bank
Banca Montecarlo & C.
Bank of Tokyo International Limited
Baring Brothers & Co. Limited
Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft
Berliner Bank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Compagnie Financière de Siam
Credito Commerciale di Napoli S.p.A.
Daiwa Europe Limited
Estadística Securities
First Chicago Limited
F. van Lanschot Bankiers N.V.
Handelsbank N.W. (Oversee) Ltd.

Hastache Leasing-Gesellschaft

- Kanada International Bank S.A.
Manufacturers Hanseatic Limited
Mitsubishi Trust and Banking Corporation (Europe) S.A.
Mitsui Trust Bank (Europe) S.A.
Nippon European Bank S.A.
Nippon International Limited
Orion Royal Bank Limited
Pierrel, Hidding & Pivron N.V.
PK Christmann Bank (UK) Ltd.
Saxo International Limited
Tokai International Bank (Europe) S.A.
Tokai International Limited
Veritas and Westbank AG
Yamaichi International (Europe) Limited

INTL. COMPANIES

Brierley offers A\$250m for North BH holding

BY LACHLAN DRUMMOND IN SYDNEY

INDUSTRIAL EQUITY (IEL), Mr Ron Brierley's Australian investment company, has launched an A\$250m (US\$173.5m) partial takeover offer for North Broken Hill Holdings with the express intention of liquidating the asset-rich mining and industrial company.

IEL estimates that such a break-up of the mining house, pillar of the country's financial establishment, would return a net present value of between A\$3 and A\$3.50 a share over the proposed 12 to 18-month "demerger" period, compared with the A\$2.50 a share it intends offering.

This valuation was seized on by the directors of North, who said it backed up their view that the offer terms were grossly inadequate and recommended shareholders not to sell.

Shares in North, offering A\$2.50 for the fully paid shares and A\$1.70 for partly paid stock. This would give IEL 40 per cent of the capital.

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IEL is seeking a further 100m shares in North, offering A\$2.50 for the fully paid shares and A\$1.70 for partly paid stock. This would give IEL 40 per cent of the capital.

returning these two main subsidiaries to public ownership. IEL has estimated that overall assets of North BH, with a net book value of A\$854m, will eventually return between A\$1.3m and A\$1.45m.

IEL said appropriate steps would be taken to maximise the realisation of its 31 per cent stake in Uranium Energy Resources of Australia.

GOLD FIELDS PROPERTY COMPANY LIMITED

Incorporated in the Republic of South Africa A MEMBER OF THE GOLD FIELDS GROUP (Registration No. 01/01078/06)

INTERIM REPORT

Table with 4 columns: CONSOLIDATED INCOME STATEMENT, Six months ended 31 Dec 1985, Six months ended 31 Dec 1984, Year ended 30 June 1985. Rows include Turnover, Revenue, Income from rent and sale of property, Income from gold, Surplus on realisation of investments/mineral rights, Income from interest and other sources, Expenditure, Administration, property and general, Interest, Profit before tax, Tax, Profit after tax, Unaudited Earnings per share-cents, Dividends-per share-cents, CONSOLIDATED BALANCE SHEET, Fixed assets, Investments, Properties and ventures, Net current assets, Current assets, Less current liabilities, Share capital, Reserves, Deferred liabilities and provisions, Loans received, Unaudited Investments, Listed-Market value, Excess over book value, Book value, Unlisted-Book value, Number of shares in issue, Net assets (as valued) per share-cents.

- 1. Dividend A dividend No. 125 of 15 cents (4.90196p) per share in respect of the year ended 30 June 1985, absorbing R1 524,000, was declared on 13 August 1985 and paid on 3 October 1985.
2. Prospects The group's various leased properties should continue to maintain high occupancy rates during the remainder of the financial year. Provided the current prevailing rand gold price continues, royalty payments will, as usual, contribute to revenue. Accordingly, net earnings during the second half of the current financial period should be much in line with those already attained during the first half.

DECLARATION OF INTERIM DIVIDEND
Dividend No. 126 of 12 cents per share has today been declared in South African currency, payable to members registered at the close of business on 31 January 1986.

Registered and Head Office: A. J. WRIGHT (Chairman), E. R. VAN ROOYEN (Directors)
London Office: 31 Charles II Street, St James's Square, London SW1Y 4AG, 15 January 1986
United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greenway Place, London SW1P 1PL

San Paolo Bank (Bahamas) Limited
US \$30,000,000
5 Year Loan Facility
Guaranteed by Istituto Bancario San Paolo di Torino
Chemical Bank International Group
Credit Agricole
Creditanstalt-Bankverein
Generale Bank/Banque Belge Limited
Kredietbank N.V.
The Taiyo Kobe Bank, Limited
Agent
Chemical Bank
December 1985

Fletcher sells finance unit

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, New Zealand's largest company, has shed a further large part of its financial services operations with the sale of its finance house subsidiary, to the Government Life Insurance Corporation.

was forced to take a NZ\$27.5m (US\$14.2m) charge in its latest year. This was believed to have been one of the main factors which prompted Fletcher's decision to reduce its exposure to financial services, despite a wide-ranging deregulation of the banking sector initiated in recent months.

majority stake in Marac Holdings, another financial services company, to NZI Corporation. Mr Hutton Peacock, managing director of Government Life, said it and Broadbank had operations of similar size. Together they would have assets of more than NZ\$2bn.

Denison in C\$240m write-off

By Robert Gibbens in Montreal
DENISON MINES, the leading mining and energy group, is making a C\$240m (US\$171m) write-off in its 1985 financial statements to cover its total investment in the Quintette coal production project in British Columbia.

was forced to take a NZ\$27.5m (US\$14.2m) charge in its latest year. This was believed to have been one of the main factors which prompted Fletcher's decision to reduce its exposure to financial services, despite a wide-ranging deregulation of the banking sector initiated in recent months.

majority stake in Marac Holdings, another financial services company, to NZI Corporation. Mr Hutton Peacock, managing director of Government Life, said it and Broadbank had operations of similar size. Together they would have assets of more than NZ\$2bn.

Denison has a 50 per cent voting interest in Quintette and manages the mining operation, which started in 1984. Quintette produces thermal coal for Japanese steel customers. Development costs for the mine were higher than expected and world coal prices have weakened since start-up.

Ultramar Canada took over the refinery and 675 former Gulf Canada service stations in Quebec and the Maritimes on January 8 for C\$120m (US\$85.7m). It is closing the refinery and will supply the service stations from its 100,000 b/d refinery in Quebec City, upgraded recently at a cost of C\$310m.

Ultramar Canada president Mr Jean Gauthier said his company is interested in selling the two petrochemical plants, but it needs the refinery tank farm as a products terminal for the Montreal market.

Air France lifts profits

By Paul Betts in Paris

AIR FRANCE, the French state airline, boosted net profits to FF700m (\$92.7m) last year from FF533m (1984), with passenger traffic rising 2.2 per cent and freight up 3.6 per cent.

NET PROFITS of New Wits, the South African mining investment company in the Consolidated Gold Fields group, rose to R7.39m (£2.19m or \$3.16m) in the first half to December, against R6m.

which on a per-share basis reached 64 cents in the half year. A better than expected final dividend of 20 cents, to make a 1985 total of 30 cents against 16 cents, has been declared by Vogelstein's investment company.

Bangkok Bank earnings fall

By Soonsong K'Thann in Bangkok

NET PROFITS of Bangkok Bank, Asean's largest in terms of assets, fell by 10 per cent last year to 1,430m baht (\$64.4m).

The company expects a similar percentage increase in the second half provided that there is no undue decline in coal and metal prices.

For 1984 Vogel's had a net loss of R201,000 following a write-off of R5.14m and the dividend was covered by a transfer of R3.15m from general reserve. The latest results return R4m to the reserve.

CUTHBERT HEATH UNDERWRITING LIMITED
We take great pleasure in announcing the formation of this new underwriting agency and would like to take this opportunity of thanking our friends at C. E. Heath PLC as well as the many other members' agencies supporting our syndicates.
Acquisition Finance Provided by BANK OF BOSTON THE FIRST NATIONAL BANK OF BOSTON

SOLVAY & CIE S.A.
The Directors of the Company have declared an interim dividend of 70, 78 and 80 cent on shares of 100, 100 and 100 cent respectively.

Granville & Co. Limited
Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC2R 8BP Telephone 01-421 1212
Over-the-Counter Market
High Low Company Price Change Gross Yield P/E Fully Paid

U.S. \$100,000,000
M Corp A Momentum Company
Floating Rate Notes Due 1992
Interest Rate 8 3/8% per annum
Interest Period 17th January 1986 17th April 1986
Interest Amount per U.S. \$1,000 Note due 17th April 1986 U.S. \$20.94
Credit Suisse First Boston Limited Agent Bank

INVESTORS IN INDUSTRY GROUP PLC.
Inc. in England under the Companies Act 1948 to 1967, Reg. No. 1142250
£75,000,000 Floating Rate Notes 1994
For the three month period 15th January, 1986 to 15th April, 1986.
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 13 1/4 per cent. per annum and that the interest payable on the relevant interest payment date, 15th April, 1986, against Coupon No. 6 will be £1,625.86 from Notes of £30,000 nominal and £102.59 from Notes of £5,000 nominal.
S.G. Warburg & Co. Ltd. (Agent Bank)







Handwritten note at the top center of the page.

Letter from Rowe & Pitman, The Directors, Wickes plc, 14 Berners Street, London W1P 3DE. Dated 14th January, 1986.

Part III ACCOUNTANTS' REPORT

The following is a copy of a report from Arthur Andersen & Co., Chartered Accountants, the auditors and reporting accountants: Wickes plc, 14 Berners Street, London W1P 3DE.

Dear Sirs, INTRODUCTION 1. Wickes plc (the Company) was incorporated and registered in England as a private company on 12th July, 1983 as Wickes (81) Limited, with an issued share capital of two ordinary shares of £1 each.

CONSOLIDATED BALANCE SHEETS table showing assets and liabilities from 1980 to 27th July 1985.

CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS table showing source of funds and application of funds from 1980 to 27th July 1985.

NOTES 1. Geographical Analysis (a) The geographical analysis of turnover is table showing turnover by region from 1980 to 27th July 1985.

NOTES 2. Exceptional Items table showing store disposal costs and exchange losses from 1980 to 27th July 1985.

NOTES 3. Interest Payable table showing bank loans and overdrafts from 1980 to 27th July 1985.

NOTES 4. Profit on Ordinary Activities before Taxation and Extraordinary Items table showing profit before tax from 1980 to 27th July 1985.

NOTES 5. Taxation table showing tax on ordinary activities from 1980 to 27th July 1985.

NOTES 6. Share Capital table showing share capital from 1980 to 27th July 1985.

NOTES 7. Taxation Credits and Losses table showing tax credits and losses from 1980 to 27th July 1985.

Table showing Earnings of discontinued operations (net of £284,000 taxation) from 1980 to 27th July 1985.

As disclosed in note 10, certain investments were held by Wickes BV in 1980 and 1981 which were subsequently disposed of. The earnings of these investments in 1980, net of taxation, have been shown separately as discontinued operations.

Table showing Earnings/(Loss) Per Share from 1980 to 27th July 1985.

Table showing Tangible Fixed Assets from 1980 to 27th July 1985.

Short leasehold properties are those with remaining lease terms of less than 50 years. The freehold and long leasehold properties in England (excluding those in the course of development) with net book values at 27th July, 1985 amounting to £13.4 million, were valued as at 30th November, 1985 by Hillier Parker, Chartered Surveyors.

Table showing Investments from 1980 to 27th July 1985.

Table showing Debtors from 1980 to 27th July 1985.

Table showing Creditors from 1980 to 27th July 1985.

Table showing Cash at Bank and in Hand from 1980 to 27th July 1985.

Table showing Bank Loans and Overdrafts from 1980 to 27th July 1985.

Table showing Loans due within two to five years from 1980 to 27th July 1985.

Table showing Loans due within more than five years from 1980 to 27th July 1985.

Table showing Share Capital from 1980 to 27th July 1985.

Table showing Beginning of Period from 1980 to 27th July 1985.

Table showing End of Period from 1980 to 27th July 1985.

As explained in accounting policy (c), Basis of Consolidation, the share capital shown in the balance sheets represents the nominal value of share capital of all the companies in the Group as this best represents the capital base of the Group throughout the period covered by the report.



4. The Overseas Executive Scheme

Except as described below, the provisions of the scheme correspond with those of the UK Executive Scheme... (i) any senior executive who is employed either by the Wickes Group or by a company owned by that executive...

5. Taxation

(a) The Company is not required to withhold tax at source but, when paying a dividend, the Company has to remit to the Inland Revenue an amount of Advance Corporation Tax (ACT) at a rate which is related to the basic rate of income tax...

6. Offer for Sale Arrangements

By an agreement (the offer for sale agreement) entered into on 14th January, 1986, between the Company, the directors, WCI and Rowe & Pitman, Rowe & Pitman have agreed, conditionally on the Council of the Stock Exchange granting permission...

7. Arrangements with Westvaco in Industry plc ("SI")

(a) On 13th January, 1986, the Company and SI entered into an agreement whereby, conditionally on the Council of the Stock Exchange granting permission on or before 5th February, 1986 to deal in the ordinary shares on the Unlisted Securities Market...

8. Mitigation

Wickes Building Supplies Limited, Wickes NV and Wickes BV have received claims in arbitration from Wickes Building Supplies Limited, Wickes NV and Wickes BV have received claims in arbitration from a former supplier of timber...

9. Trade Marks and the Name

By an agreement dated 13th January, 1986, the WCI Group and the Company have agreed that, in consideration of the grant to the Company of the right to use the name of the Company in its ordinary shares in the Unlisted Securities Market of the Stock Exchange...

10. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries within the two years immediately preceding the date of this document and are, or may be, material: (a) an agreement dated 17th June, 1985, between the Company, and Mr. J. A. Courtney and Wickes Hire Limited...

11. Registration Documents

Duplicate copies of this document (including the application form) have been delivered to the Registrar of Companies for registration accompanied by copies of all the material contracts referred to in paragraph 10 above...

12. Miscellaneous

(a) Arthur Andersen & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letter and the Accountants' Report and the references thereto and to themselves in the form and context in which they are included...

13. Documents available for inspection

Copies of the following documents may be inspected at the offices of S J Berwin & Co, Capital House, 42 Weston Street, London SE1 during usual business hours on any weekdays (Saturdays and public holidays excepted) until 30th January, 1986: (a) the Memorandum and Articles of Association of the Company...

Part V TERMS AND CONDITIONS OF APPLICATION

1. Acceptance of applications will be conditional upon permission being granted by the Council of the Stock Exchange to deal in the ordinary share capital of the Company, issued and to be issued, in the Unlisted Securities Market of the Stock Exchange... 2. The right is reserved to present cheques and bankers' drafts for payment on receipt by National Westminster Bank PLC and to retain letters of acceptance and surplus application moneys pending clearance of all applicants' cheques...

BASIS OF ACCEPTANCE AND DEALING ARRANGEMENTS

The application list will open at 10 a.m. on Wednesday, 22nd January, 1986 and may be closed at any time thereafter. The basis on which applications have been accepted will be announced as soon as possible after the application list closes...

AVAILABILITY OF OFFER FOR SALE DOCUMENTS

Copies of the offer for sale document including an application form may be obtained from: National Westminster Bank PLC, New Issues Department, PO Box No 78, 2 Princes Street, London EC2P 2BD... and at the Wickes store at: Moss Lane, Whitefield, Manchester, M25 6PL

PROCEDURE FOR APPLICATION

- The following notes should be read in conjunction with the application form. 1. Insert in box 1 (in figures) the number of ordinary shares for which you are applying... 2. Put in box 2 (in figures) the amount of your payment, which should be the number of ordinary shares inserted in box 1 multiplied by 140p...

APPLICATION FORM WICKES plc

Offer for Sale by Rowe & Pitman of 4,950,000 ordinary shares of 40p each in Wickes plc at 140p per share, payable in full on application.

I/we offer to purchase from Rowe & Pitman... 1. Acceptance number... 2. Shares allocated... 3. Amount received... 4. Amount payable... 5. Amount retained... 6. Cheque number

PLEASE USE BLOCK CAPITALS Mr. Mrs. Miss or title... Forename(s) in full... Surname... Address in full... Postcode

Fill in this section only where there is more than one applicant. The first or sole applicant should complete box 4 and sign in box 3. Insert below only the names and addresses of the second and subsequent applicants... PLEASE USE BLOCK CAPITALS Mr. Mrs. Miss or title... Forename(s) Surname Address in full Postcode

UK COMPANY NEWS

Imperial makes scathing attack on Hanson Trust

BY MARTIN DICKSON

Imperial Group, the brewing, tobacco and food company, yesterday launched a scathing attack on the performance of Hanson Trust, which is making a £1bn takeover bid for Imperial.

Hanson would have to take over a £100m company in 1990. "At some stage," Imperial said, "the music has to stop."

Eurotherm profit expands 26%

GROWTH HAS continued at Eurotherm International, the electronic equipment manufacturer group. For the year ended October 31 1985 the pre-tax profit has advanced by 26.7% to £12.7m, or 56.1 per cent, to 35m.

Operating profit came out at £15.25m (£13.95m). A breakdown of the figures shows that the aerospace division contributed £10.6m (£12.19m), mining £2.2m (£2.79m), industrial £2.55m (£1.72m), electronics £2.95m (£3.05m) with inter-divisional trading of £2,000 (£32,000 loss) making up the balance.

Development spending cuts Dowty to £18m

THE HIGH level of development spending on new products in the electronics and aerospace divisions was blamed for a 12 per cent fall in pre-tax profits by Dowty Group in the six months to the end of September 1985.

Charles Batchelor considers John Gunn's impact on B & C Shipping Steaming into new waters

IT HAS not taken Mr John Gunn long to start making his mark at British and Commonwealth Shipping, the enigmatic shipping, aviation and financial services group controlled by the Cayzer family.

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Mr John Gunn, director of B & C

group which could be developed. With the help of the £100m raised by the sale of its 22 per cent stake in Exco last November, B and C plans to expand its financial services business.

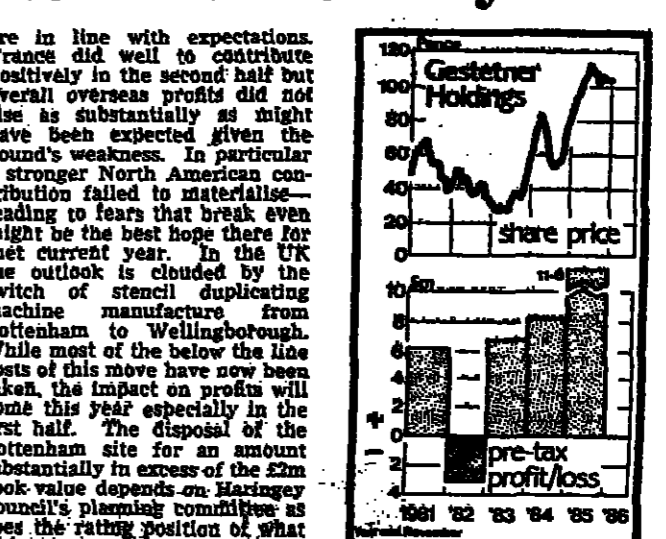
C. & W. Walker acquisition and rights

C. and W. Walker, the engineering contractor and equipment maker, yesterday announced a one-for-two rights issue at 35p a share to raise £23m and the acquisition of Multiple, a privately-owned niche engineering company, for an initial £1.76m in shares, with up to a further £750,000 dependent on its profits performance.

five principal subsidiaries involved in the design, manufacture and distribution of mechanical engineering products. Mr John Pither, its managing director, will become joint managing director of Walker.

Pound fails to halt Gestetner recovery

DESPITE exchange rates moving against the company in the second half Gestetner Holdings continued its recovery with a 40 per cent increase in pre-tax profits for the year to November 2 1985.



rating is unlikely before Gestetner's new look as a distributor of high value products becomes a net asset to the market.

Cannon St calls for £3m

Cannon Street Investments, the investment holding company which fell victim to the secondary banking crisis in 1974 but which re-emerged on the USM last July, yesterday announced a one-for-four rights issue and the acquisition of another company for its food division.

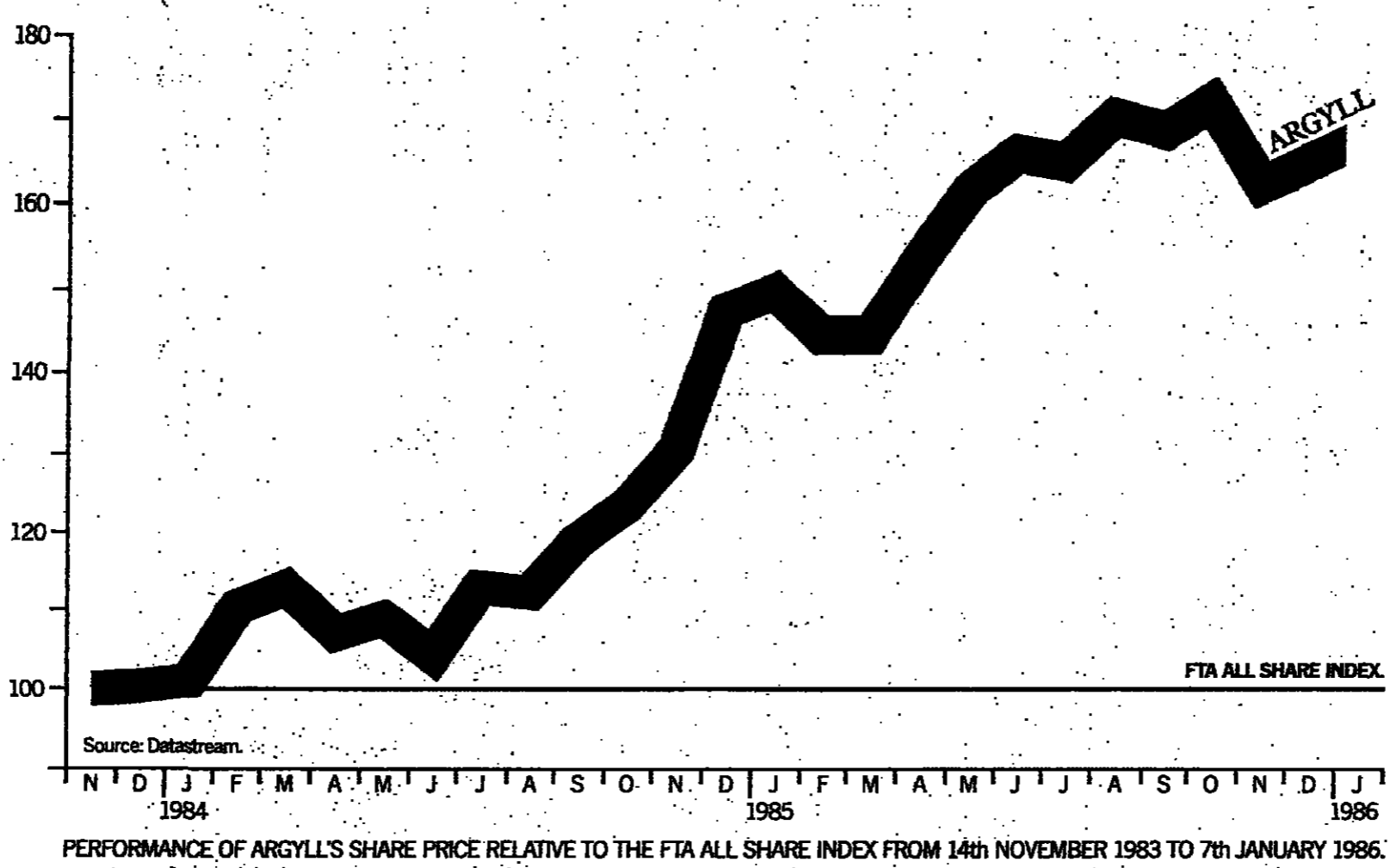
NOTICE TO LOMBARD DEPOSITORS
Table with 2 columns: Rates for deposits and Cheque Savings Accounts
14 Days Notice: 12 1/2% pa, 9-34% pa, 13-34% pa
Cheque Savings Accounts: 12% pa, 8-97% pa, 12-81% pa

THOMSON NORTH SEA LIMITED
US\$40,000,000
UNSECURED LIMITED RECOURSE CREDIT FACILITY
to finance the development of the Scapa Field
Managed by: Manufacturers Hanover Trust Company

comment
Last summer the City was forecasting £55m for Dowty in 1985-86. By yesterday morning the cautious had come down to £48m while the head was hunched around the £54m mark.

Cambrian & General Securities p.l.c.
The first quarter results have shown continued progress for the Company. The net asset value of the combined portfolio including the subsidiary, Farnsworth & Hastings, totalled £97.09m as at 31st December compared with only £8m when IFB Management first began to manage the investment affairs of Cambrian in March 1982.

THIS ADVERTISEMENT IS PUBLISHED BY SAMUEL MONTAGU & CO LIMITED, CHARTERHOUSE JARRET PLC AND NOBLE GROSSART LIMITED ON BEHALF OF ARGYLL GROUP PLC. THE DIRECTORS OF ARGYLL GROUP PLC ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS ADVERTISEMENT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS ADVERTISEMENT IS IN ACCORDANCE WITH THE FACTS THE DIRECTORS OF ARGYLL GROUP PLC ACCEPT RESPONSIBILITY ACCORDINGLY.



# Is it surprising that Distillers' Pension Fund invests in Argyll shares?

460,000 ORDINARY SHARES HELD AT 6th JANUARY 1986. SOURCE: ARGYLL SHARE REGISTER.

Argyll. We can revive Distillers' spirits.





UK COMPANIES
Electron House
£7m purchase

Electron House, the USM quoted electronic component distribution group, is paying up to \$9.7m (£6.7m) for the Pacesetter Group.

Pacesetter is owned by a subsidiary of American Pacesetter, a US company quoted on the Pacific exchange.

The enlarged company intended to seek a full listing as soon as practical.

SGB boosted by overseas
turnaround and UK growth

GROWTH IN THE UK core business and a move from loss to profit overseas enabled the SGB Group to meet the forecast it made at the time of the takeover approach from BEI.

From a 10p bid for £11.87m ahead at £18.13m the Surrey-based group with interests in the supply and hire of equipment and services mainly for the building, civil engineering, energy and manufacturing industries, raised its profits in the year to September 1985 from £11.01m to £13.5m pre-tax.

Abbey jumps to I£3m
and on target for year

Abbey, the Dublin-based property developer, which recently fought off a £24m takeover bid from French Kier, has announced pre-tax profits of £13.03m (£2.61m) for the six months to October 31 1985.

In the comparable period the group achieved £17.65m at the pre-tax level but this included an exceptional debit of £1.01m for write down in lands and property in Ireland.

T&N faces lower charges

Turner & Newall said yesterday that the charge on its revenue account for asbestos-related disease claims would be reduced by about £5m in 1986 following acceptance by one insurer that he was liable for a significantly higher proportion of the costs incurred in past years.

The company said negotiations would continue with other insurers for the same purpose but the outcome could not be predicted.

ST. ANDREW TRUST net asset
value per 25p share was 149.7p

The net asset value per 25p share was 149.7p (£32.8p) at end 1985, after prior charges. Gross revenue for the year was little changed at £1.85m (£1.84m), but earnings per share rose from 2.57p to 2.55p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

Transvaal

WESTERN DEEP LEVELS

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Table with columns: Advances, Channel width, Sampled, Gold, Uranium, etc.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

ERGO

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Table with columns: Advances, Channel width, Sampled, Gold, Uranium, etc.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

VAAL REEFS

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Gold mining companies administered
by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Reports of the Directors for the quarter ended
December 31 1985

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Table with columns: Advances, Channel width, Sampled, Gold, Uranium, etc.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Table with columns: Advances, Channel width, Sampled, Gold, Uranium, etc.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Table with columns: Advances, Channel width, Sampled, Gold, Uranium, etc.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividend, etc.

Notes: 1. ORE RESERVES. At July 31 1985 ore reserves were estimated at a pay limit based on a gold price of R19 000 (1984: R15 000) a kilogram and, in the case of Vaal Reefs (excluding Venterdorp Contact Reef), at a composite pay limit taking account of a uranium price which reflects the price that the company will receive for its contracted sales in 1986.

ANGLO AMERICAN CORPORATION
OF SOUTH AFRICA LIMITED

NOTES
1. ORE RESERVES
At July 31 1985 ore reserves were estimated at a pay limit based on a gold price of R19 000 (1984: R15 000) a kilogram and, in the case of Vaal Reefs (excluding Venterdorp Contact Reef), at a composite pay limit taking account of a uranium price which reflects the price that the company will receive for its contracted sales in 1986.

2. DIVIDENDS
Attention is directed to an announcement published in conjunction herewith, relating to the declaration on Thursday, January 16 1986, of final dividends for the year ended December 31 1985.

3. DEVELOPMENT
Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC buys out fund partnership

MEPC, this week banking in the warm glow of its newly-acquired "A" rating from Standard & Pears, has finally brought to an end its long-standing, low-profile investment partnership with three of the UK's major life assurance groups.

Sainsbury spreads

SAINSBURY, a crucial participant in Town & City's controversial plans for a major shopping and leisure centre three miles south west of St Albans, has now emerged as the centre of proposals for another development—just half a mile from the town centre.

Citicorp steps out of line

LONDON BRIDGE CITY on the south bank of the Thames, directly opposite the City of London. Again, rental costs will be considerably lower than in the Square Mile but the Bank was also faced with an acute lack of suitable space in more conventional locations north of the river.

Grosvenor to build Bank headquarters

WHEATSHEAF INVESTMENTS, one of the Grosvenor Estate's two principal UK development companies, is to develop a £19m headquarters building for Allied Irish Banks at Uxbridge in west London.

AUCTION To be held on Wednesday 19th February at 3.00 pm. at the London Auction Mart, 61/65 Great Queen Street, London WC2. TWENTY THREE FREEHOLD AND LONG LEASEHOLD COMMERCIAL PROPERTIES (Unless previously sold).

HEMLACE LIMITED BETA PROPERTIES LTD BETA DEVELOPMENTS LTD £23,750,000 limited recourse loan facility arranged and provided by BANK OF AMERICA NT & SA now repaid and £15,000,000 realised from the sale of the entire share capital to SLOUGH ESTATES PLC

DRIVERS JONAS 16 Suffolk Street, London SW1Y 4HQ Telephone: 01-930 9731

FREEHOLD CONTAINER STORAGE & REPAIR DEPOTS Of Interest to Owner Occupiers & Developers West Thurrock, Essex 50,000 sq ft Workshops & Offices on 2.6 acres. Adjacent Junction 31 M25 Motorway.

REFURBISHED, AIR-CONDITIONED OFFICE INVESTMENT CENTRAL LONDON Producing in excess of £816,000 pa exc. from prime covenants including major clearing banks and plc tenants

CAMBRIDGE BUSINESS PARK New Prestige Building Major road frontage Offices, R & D and Production Superb Specification 14,000 sq. ft. - To Let

Mind your own business... with the Premier Business Suites. A totally new concept in office accommodation - there's no need to worry about complicated leases, lease disposal or property management problems.

Warwickshire Swift Valley Industrial Estate Rugby for details of freehold serviced sites up to 20 acres, contact:- Alan Wright, Town Hall, Rugby, Phone Rugby (0788) 77177 Ext. 394

MAYFAIR W1 FURNISHED APARTMENTS LONG LEASEHOLD FOR SALE 7 SUBSTANTIAL FULLY FURNISHED FLATS Lift and Central Heating Plus 1800 sq ft Basement Office use and Garden 45' x 60'

NORTH KENT OPEN STORAGE INDUSTRIAL LAND Up to 5 acres Approx.

FOR SALE KENSINGTON OFFICE BUILDING Long Leasehold Interest with benefit of Part Vacant Possession & Income Write Box T6277, Financial Times, 10 Cannon St, London EC4P 4BY

FOR SALE 106,350 on site of 8.78 acres FREEHOLD Single Storey FACTORY COMPLEX with Excellent Office Accommodation

IBA Investments FOR SALE TAX EFFICIENT INVESTMENTS 100% IBA's PRIME ENTERPRISE ZONE LOCATIONS Package Sizes From £25,000

100% IBA's LAST REMAINING UNITS FROM £21,414 Tel: 0972 594333

WANTED 100% IBAs We have a number of clients looking for investments of £1m plus with good covenants Telephone: John Piper on 0273 728211

EXCEPTIONAL COMMERCIAL INVESTMENT FOR SALE Comprising a significant OFFICE COMPLEX IN VIENNA of some 20,000 sq m of modern accommodation

LARGE INTERNATIONAL PUBLISHING COMPANY IS SEEKING ADDITIONAL BUSINESS PUBLISHING PROPERTIES. Interested parties may respond in strict confidence to: Box T6279, Financial Times, 10 Cannon Street, London EC4P 4BY

Regional Property TWO HIGH YIELDING commercial investments For Sale comprising 1,033,500 sq ft. Litching, 2,500 sq ft. from outlier plot. Total £38,000. Tel: 0932 442088 or Henry Butcher & Co. 0532 457356.

For Investment YIELD 13.44% BARROW—Small warehouse in Gosport Tyne. £9,750 net. Price £72,500. Anthony Metcalf & Company 01-263 4649

Edward Erdman Surveyors 59 Abchurch Lane, London EC4N 3DF Tel: 01-629 8131

Mayfair W1 Park Street A prestige office building 10,500 sq ft To Be Let Hillier Parker PILCHER HERSHMAN 01-486 7666

CROYDON, SURREY MAJOR TEMPERATURE CONTROLLED DISTRIBUTION CENTRE 59,315 sq ft on 3.1 acres All modern facilities Grimley & son 01-836 9654

International Property

SEEKING SURETY OFFICE SOUTH WEST/WEST OF LONDON We seek self-contained office accommodation of a representative standard for our own use as an international management consultant. Our requirements are for 800/1200 sq ft with easy access to the M25 (M4-M25 section).

Bank owes no duty to borrower on appointment of receiver

SHAMJI AND OTHERS v JOHNSON MATTHEY BANKERS LTD AND OTHERS Court of Appeal (Lord Justice Oliver and Lord Justice Nourse): December 13 1985

A bank owes no duty of care to borrowers or guarantors when deciding whether to exercise its power under security documents to appoint receivers of the borrower's assets; and accordingly, the borrower cannot claim that in making its decision the bank was under an obligation to take account of the fact that finance was being raised to repay part of the loan.

The Court of Appeal so held when dismissing an interlocutory appeal by Mr. Abdolmajid Jamal Shamji and 18 companies...

LORD JUSTICE OLIVER said that Mr. Shamji had traded very successfully for some time with support from the bank and had created a group of companies which became indebted to the bank for over £21m. A guarantee of £5m was taken from Mr. Shamji...

"If it is satisfied that the negotiations with Lomrho... are proceeding in a proper and expeditious manner..."

Mr. Shamji had been making endeavours to raise money to pay off the bank. He had investigated a number of sources. At the date of the agreement Lomrho was the favoured source of finance.

The period expired without the £14.6m having been paid, and Lomrho did not come up with the funds. On October 25, during the period in which any extension would have been running, the bank appointed receivers under powers contained in debentures...

What Mr. Shamji was saying was that as a matter of construction of the agreement references

to any reputable financial source "had to be read in place of references to Lomrho."

As Mr. Justice Hoffmann said that construction was quite unarguable and the relevant clauses in the statement of claim did not disclose any course of action. He was clearly right in refusing to allow the amendment.

The basis of the second amendment was that when the receivers were appointed the bank had been informed that SCMB was prepared to discharge the £14.6m by November 1.

It was said that the bank ought to have taken that into account and that it was under a duty of care in favour of the receiver not to appoint a receiver.

The bank owed Mr. Shamji and the group a duty of care to consider "all relevant matters" before appointing receivers, it was said, and no reasonable banker would have refused to allow negotiations to continue with SCMB and to postpone the appointments until November 1.

Also, said the statement of claim, the bank owed the receivers a duty of care to ensure that its recovery against the group was maximised so that its recovery was guaranteed.

His Lordship adopted as his own the passage in which Mr. Justice Hoffmann dealt with the amendment.

The judge said that in the absence of bad faith a bank could not owe mortgages or guarantors a duty of care in deciding whether to exercise its contractual right to appoint a receiver.

mortgagor or guarantor to take reasonable care to obtain fair value.

"There could, however, be no real conflict of interest between mortgagor and mortgagee. As Lord Denning MR said in Standard Chartered Bank: "He owes this duty not only to himself to clear off as much of the debt as he can but also to the mortgagor to reduce the balance and to the guarantor so that he is made liable for as little as possible."

Appointment of a receiver involved inherent conflict of interest. The purpose of the power was to enable the mortgagee to take the management of a company's property out of the hands of directors and entrust it to a person of the mortgagee's choice.

That power was granted to the bank as mortgagee by its security documents in completely unqualified terms. Its decision to exercise the power could be challenged except perhaps on grounds of bad faith.

There was no room for implying a term that the bank should be under a duty to Mr. Shamji and the group to "consider all relevant matters" before exercising the power. If such a duty was implied, it would be read into the security documents, no wider duty could exist in tort.

For the reasons given in his judgment Mr. Justice Hoffmann came to the right conclusion in disallowing both sets of amendments. The appeal should be dismissed.

Lord Justice Nourse agreed. For Mr. Shamji and the group: Richard Yorks OC, Hubert Picardo and Peter Hubert (Holmes, Francis and Wilson). For the bank and the receivers: Michael Crystal QC and Richard Adkins (Freshfields).

By Rachel Davies

APPOINTMENTS

Group treasury post at the Midland Bank

Mr Roger K. Simmons has been appointed assistant general manager, with responsibility for funding and liquidity at MIDLAND BANK group treasury. He was vice president and manager, money market dealing at Bank of America, London.

The BRITISH HOTELS RESTAURANTS & CATERERS ASSOCIATION has appointed Mr Robin Lees as its new chief executive. Mr Lees concluded a career in the Royal Air Force as head of the administrative branch in the rank of Air Vice-Marshal. He succeeds Mr Clive Derby who has retired.

YAMAICHI INTERNATIONAL (EUROPE) has appointed Mr John R. Selater, Mr Stanley R

APPOINTMENTS

Wright and Mr William J. Hopper as non-executive directors. Glen Dimplex has appointed Mr N. J. Winnett executive chairman. MORPHY RICHARDS, Mr Winnett was chairman and managing director of TI-Creda.

Mr Trevor F. Hammond has been appointed director of the BRITISH METALLURGICAL PLANT CONSTRUCTORS' ASSOCIATION.

Mr Bob Harris has become financial director and Mr Peter Taylor product development manager of HAYTERS, Mr Harris was that as a matter of subsidiary of Chubb, where he

F.T. CROSSWORD PUZZLE No. 5924

Crossword puzzle grid with numbers 1-31 and clues. Clues include: 1 Strike a fresh attitude in sleep (6), 2 A man in a suit (8), 3 A fashionable attempt to come in last (8), 4 They prepare athletes' footwear (8), 5 Unlawful sexual congress in Church Street (6), 6 Soldier on run in resort (8), 7 Mark of approbation at the right time (3), 8 The French still without a team (8), 9 Plant cut to standard (7), 10 Read about father leading show (6), 11 Card admitting one to church (3), 12 Nothing over end of gun but artilleryman's match-stick (8), 13 Blow to the band (6), 14 Snick gun outside when wounded (8), 15 Motor-car guide (6), 16 Has a gay time in under-world havens (8), 17 Mean to produce one book before the close (6), 18 One who holds back a fee (6), 19 A man going out with minister (8), 20 Avoid tenant's pet aversion (4-4), 21 Stone fish-trap (6), 22 Stumble so unfortunately in examination (6)

BASE LENDING RATES

Table of base lending rates for various banks including AIB Bank, Guinness Mahon, and others. Includes columns for bank name and rate.

Members of the Accepting Houses Committee... 1-3 months 9.0%, Top Term £2,500+ at 3 months notice 12.0%, At call when £10,000+ remains deposited. 4-6 call deposits £1,000 and over 8% gross. 1 Mortgage base rate. 2 Demand dep. 8%, Mortgage 13%.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts such as Abbey Unit Tr. Mgrs., Brown Shipley & Co. Ltd., and others. Includes columns for trust name, manager, and other details.

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various unit trusts and insurance policies with columns for company name, policy number, and financial details.

INSURANCES section containing details for AA Friendly Society, Abbey Life Assurance Co Ltd, and other insurance providers.

Continuation of the main table listing unit trusts and insurance policies, including entries for Aberdeen Life Assurance Co Ltd and others.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

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Table of financial data for insurance and overseas funds, including company names, fund names, and numerical values.

Money Market Trust Funds

Money Market Bank Accounts

OPTIONS 3-month call rates

Table of 3-month call rates for various options, including company names and numerical values.

Notes and additional information regarding the data presented in the tables.

COMMODITIES AND AGRICULTURE

Fresh jitters in oil market

OIL prices fell sharply on the European market yesterday, on renewed anxiety about the imbalance between world supply and demand.

ITC attacked

INTERNATIONAL Tin Council members - notably West Germany and France - yesterday fiercely attacked in a statement issued by Mr Ralph Kestenberg, joint managing director of Gerald Metals, co-author of the latest plan to rescue the tin market.

Andrew Gowers on next week's meeting of producers and consumers

Coffee Pact loses its grip

COFFEE producing and consuming countries meet in London next week in the knowledge that they are virtually powerless to do anything about the recent upsurge on world coffee markets.

Gold springs into action

BY STEFAN WAGSTYL

THE gold market which has been increasingly active in recent weeks saw its liveliest day for many months yesterday as prices soared, ahead and then fell back on the trading floor.

China may increase copper imports

BY STEFAN WAGSTYL

CHINA IS likely to increase imports of copper concentrates and of refined copper over the next five years, says the Commodity Research Unit, the London-based research company.

might orchestrate a joint cut in interest rates, following a ministerial meeting in London this weekend.

Surinam to sell more alumina

By Casette James in Kingston

SURINAM is to increase sales of alumina to Brazil this year, and has signed an agreement to countertrade raw and refined alumina and aluminium with Czechoslovakia.

LONDON MARKETS

GASOIL FUTURES planned yesterday to their lowest level since the contract was introduced on the International Petroleum Exchange in April 1981.

The violence of yesterday's trading indicates that the price surge caught the markets by surprise - traders said that a lot of the activity was accounted for by dealers themselves covering short positions.

ALUMINIUM

Official closing (am): Cash 801.5-2.5 (785-4), three months 825.30 (825-3), six months 825.5 (765).

COPPER

High grade Unofficial +/- or - per tonne: Cash 1009.5-1.5 (999.5-3.5), three months 1025.5-0.5 (1025.5-1.4).

LEAD

Unofficial +/- or - per tonne: Cash 1703-1705 (-1.5), three months 1705-1710 (-1.5).

NICKEL

Unofficial +/- or - per tonne: Cash 3790-3800 (-37.5), three months 3870.5 (-22.5).

ZINC

Unofficial +/- or - per tonne: High grade Cash 438-440 (-1.5), three months 452.5-1.5 (452.5-1.4).

GOLD

Gold rose sharply in the London bullion market yesterday but finished with a slight loss.

GOLD AND PLATINUM

Gold 1200-1205 (1200-1205), Platinum 1115-1120 (1115-1120).

SILVER

Silver was fixed 15.4p an ounce higher for spot delivery in the London bullion market yesterday.

MEAT

MEAT COMMISSION - Average far-off prices at representative markets: GB - Sheep 184.50p per kg live (+1.5).

INDICES

FINANCIAL TIMES

Jan 16 Jan 15 1986 % Change

REUTERS

Jan 16 Jan 15 1986 % Change

DOW JONES

Jan 16 Jan 15 1986 % Change

MAIN PRICE CHANGES

Jan 16 +/- or - Month 1986 - ago

METALS

Aluminium: Cash 801.5-2.5 (+1.0)

Copper: Cash 1009.5-1.5 (+1.0)

Gold: Cash 1200-1205 (+1.0)

Lead: Cash 438-440 (+1.0)

Nickel: Cash 3790-3800 (+1.0)

Platinum: Cash 1115-1120 (+1.0)

Silver: Cash 15.4 (+1.0)

Wheat: Cash 115.0 (+1.0)

Cocoa: Cash 1703-1705 (+1.0)

Coffee: Cash 100.0 (+1.0)

Grains: Cash 115.0 (+1.0)

Other: Cash 115.0 (+1.0)

Oil: Cash 22.0 (+1.0)

Soybean: Cash 115.0 (+1.0)

Wheat: Cash 115.0 (+1.0)

US MARKETS

PRECIOUS METALS

Prices rose sharply on rumours that the US Federal Reserve will raise interest rates.

Oil prices fell sharply on the European market yesterday, on renewed anxiety about the imbalance between world supply and demand.

The price of Brent crude for delivery in February fell by 22.5 cents during the day to \$22.80.

One London trader said: "It has been a desperate day, with quite heavy trading, and a great cloud hanging over the market."

"We were just beginning to think we were getting rid of January oil when the market started looking ahead to February. It is clear that there is going to be a lot of oil around."

"All the output from the North Sea will still be there, while there is a swelling volume of netherland crude oil sales which is being stretched through into the refineries."

Traders believe that Saudi Arabia is now producing about 5m barrels a day, which is about 15 per cent more than its quota of 4.5m b/d agreed with its Opec partners.

HEATING OIL

42,000 US gallons, cents/US gallon

Latest High Low Prev

Feb 65.70 67.50 64.00 65.70

Mar 65.90 67.50 63.50 65.90

Apr 65.70 67.50 63.50 65.70

May 65.70 67.50 63.50 65.70

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady but cautious

The dollar fluctuated in nervous trading ahead of this week's meeting of finance ministers in London. Speculators pushed the dollar weaker initially, acting on comments by the West German finance minister that a co-ordinated policy of across the board interest rate reductions would be one of the items on the weekend's agenda. However there was some scepticism in view of recent pessimism that the US economy showed signs of picking up and that despite several opportunities the US Fed had refrained from cutting the discount rate.

£ IN NEW YORK (LATEST)

Table with columns for Jan 16 and Prev. close, showing exchange rates for 5 spot, 1 month, 3 months, and 6 months.

Sterling's exchange rate index finished unchanged from Wednesday's close at 78.0. It was virtually unchanged from the market showing considerable reluctance to establish a definite trend in view of recent action by the Bank of England from DM 2.4680 on Wednesday. There was still considerable speculation about the possibility of a speculative instrument since oil prices are expected to rise from levels seen at the beginning of the year. Interest rates were marginally higher, reflecting a reduction in tension surrounding the pound.

FINANCIAL FUTURES Active trading

Turnover remained active on the London International Financial Futures Exchange yesterday, in nervous conditions ahead of the Group of Five finance ministers meeting in London this weekend. Wednesday's close. It was also weaker in terms of the D-mark at DM 2.4675 from DM 2.4650 and Y291.00 compared with Y291.75. Against the Swiss franc it fell to Sfr 2.9975 from Sfr 3.0025 and Ffr 10.89 from 10.9360.

FINANCIAL FUTURES

Active trading

Turnover remained active on the London International Financial Futures Exchange yesterday, in nervous conditions ahead of the Group of Five finance ministers meeting in London this weekend.

Wednesday's comments from the West German economics minister about possible agreement by the Group of Five to a co-ordinated reduction in the general level of interest rates, created some enthusiastic demand for short sterling and gilt futures yesterday morning, but the market soon became confused by uncertainty over the prospects for interest rates and the political situation in Britain. Three-month sterling deposits for March opened at 87.50, and early buying took the contract up to a peak of 87.50, before settling at 87.50. A similar pattern was seen in the D-mark, particularly centring on the position of HM Lord Brittan, the Trade and Industry Secretary, in his statement that a fall back to 87.10, before closing at 87.10 compared with 87.10 on Wednesday.

LONDON

Table showing 20-Year 12% Notional Gilt, 20-Year 12% of 100%, and 10% Notional Short Gilt prices.

CHICAGO

Table showing US Treasury Bonds (CBT) and US Treasury Bills (TMM) prices.

THREE-MONTH STERLING

Table showing three-month sterling prices for various banks.

THREE-MONTH EURO-DOLLAR

Table showing three-month euro-dollar prices for various banks.

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THREE-MONTH EURO-DOLLAR

Table showing three-month euro-dollar prices for various banks.

POUND SPOT—FORWARD AGAINST POUND

Table showing pound spot and forward rates against the pound for various currencies.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

OTHER CURRENCIES

Table showing other currency rates.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing dollar spot and forward rates against the dollar for various currencies.

CURRENCY FUTURES

Table showing currency futures prices.

STERLING INDEX

Table showing the sterling index.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

CURRENCY RATES

Table showing currency rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing euro-currency interest rates.

MONEY MARKETS

Interest rates were slightly easier in nervous trading on the London money market, as trading continued to be influenced by hopes of co-ordinated action by the major central banks to reduce the level of world interest rates.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

LONDON MONEY RATES

Table showing London money rates.

London rates continue to ease

Interest rates were slightly easier in nervous trading on the London money market, as trading continued to be influenced by hopes of co-ordinated action by the major central banks to reduce the level of world interest rates.

NEW YORK RATES

Table showing New York rates.

UK clearing banks base lending rate

UK clearing banks base lending rate 11 per cent since January 9.

MONEY RATES

Table showing money rates for various currencies.

NEW YORK RATES

Table showing New York rates.

UK clearing banks base lending rate

UK clearing banks base lending rate 11 per cent since January 9.

Currency Swings: Cutting Your Risks

If you make payment in a currency other than your own, you face the potential risk in the cost between now and payment time. If you receive payment in such currency, you face a fall in its value between now and receipt time.

Company Notices

TRANSVAAL GOLD MINING COMPANIES

ADMINISTERED BY ANGLO AMERICAN CORPORATION FINAL DIVIDENDS—FINANCIAL YEARS ENDED DECEMBER 31 1985

Table showing dividend information for Transvaal Gold Mining Companies.

Table showing dividend information for Anglo American Corporation.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Transfer Secretariat for Consolidated Share Registrars Limited

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WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 15, 1986.

Bank of America, Economics Dept., E.M.E.A. London

Table showing world value of the dollar for various countries.

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\* U.S. dollars per National Currency unit. (a) Free market rate. (b) Official rate. (c) Commercial rate. (d) Free market rate. (e) Official rate. (f) Commercial rate.

LONDON SHARE SERVICE

ENGINEERING - Continued

INDUSTRIALS - Continued

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for BRITISH FUNDS, AMERICANS - Cont., CANADIANS, and Undated.

BUILDING, TIMBER, ROADS - Cont.

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for BUILDING, TIMBER, ROADS, DRAPERY & STORES - Cont., and CHEMICALS, PLASTICS.

ENGINEERING - Continued

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for ENGINEERING and HOTELS AND CATERERS.

INT. GOVT AND ISSUES

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for GOVT STERLING ISSUES and BANKS, HP & LEASING.

CORPORATION LOANS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for CORPORATION LOANS and COMMONWEALTH & AFRICAN LOANS.

COMMONWEALTH & AFRICAN LOANS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for COMMONWEALTH & AFRICAN LOANS and LOANS.

FOREIGN BONDS & RAILS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for FOREIGN BONDS & RAILS and AMERICANS.

AMERICANS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for AMERICANS and BUILDING, TIMBER, ROADS.

DRAPERY AND STORES

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for DRAPERY AND STORES and ENGINEERING.

ENGINEERING

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for ENGINEERING and INDUSTRIALS.

INDUSTRIALS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for INDUSTRIALS and HOTELS AND CATERERS.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for HOTELS AND CATERERS and INDUSTRIALS.

INDUSTRIALS (Miscel)

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for INDUSTRIALS (Miscel) and AMERICANS.

FOOD, GROCERIES, ETC

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for FOOD, GROCERIES, ETC and HOTELS AND CATERERS.

HOTELS AND CATERERS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for HOTELS AND CATERERS and INDUSTRIALS.

INDUSTRIALS (Miscel)

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for INDUSTRIALS (Miscel) and AMERICANS.

AMERICANS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for AMERICANS and BUILDING, TIMBER, ROADS.

BUILDING, TIMBER, ROADS

Table with columns: Stock, Price, % Chg, Div, Yield. Includes sections for BUILDING, TIMBER, ROADS and AMERICANS.



Financial Times Friday January 17 1966

INDUSTRIALS—Continued

Table of industrial stocks including Alcoa, American Cyanamid, and various other companies with columns for price, change, and volume.

LEISURE—Continued

Table of leisure-related stocks such as American Leisure, Leisure World, and others.

PROPERTY—Continued

Table of property stocks including American Property, Property Trust, and others.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as American Investment Trust, Investment Trust, and others.

FINANCE, LAND—Cont.

Table of finance and land stocks including American Finance, Finance Trust, and others.

MINES—Continued

Table of mining stocks such as American Mines, Mines Trust, and others.

MOTORS, AIRCRAFT TRUCKS

Table of motor, aircraft, and truck stocks including American Motors, Aircraft Truck, and others.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks such as American Commercial Vehicle, Commercial Vehicle, and others.

SHIPPING

Table of shipping stocks including American Shipping, Shipping Trust, and others.

SHOES AND LEATHER

Table of shoes and leather stocks such as American Shoes, Shoes Trust, and others.

SOUTH AFRICANS

Table of South African stocks including American South African, South African, and others.

TEXTILES

Table of textile stocks such as American Textiles, Textiles Trust, and others.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including American Newspaper, Newspaper, and others.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks such as American Paper, Paper, and others.

INSURANCES

Table of insurance stocks including American Insurance, Insurance, and others.

PROPERTY

Table of property stocks such as American Property, Property, and others.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including American Trusts, Trusts, and others.

OVERSEAS TRADERS

Table of overseas trader stocks such as American Overseas Trader, Overseas Trader, and others.

PLANTATIONS

Table of plantation stocks including American Plantation, Plantation, and others.

MINES

Table of mining stocks such as American Mines, Mines, and others.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including American Finance, Finance, and others.

CENTRAL BOARD

Table of central board stocks such as American Central Board, Central Board, and others.

EASTERN BOARD

Table of eastern board stocks including American Eastern Board, Eastern Board, and others.

FAR WEST BOARD

Table of far west board stocks such as American Far West Board, Far West Board, and others.

LEISURE

Table of leisure stocks including American Leisure, Leisure, and others.

PROPERTY

Table of property stocks such as American Property, Property, and others.

INVESTMENT TRUSTS

Table of investment trusts including American Investment Trust, Investment Trust, and others.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including American Finance, Finance, and others.

MINES

Table of mining stocks such as American Mines, Mines, and others.

REGIONS & IRISH STOCKS

Table of regional and Irish stocks including American Regional, Regional, and others.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Account Dealing Dates
Option
\*First Declara... Last Account...

Fresh rally frustrated by political and interest rate uncertainties

Interest rate and political uncertainties continued to dominate London stock markets yesterday.

The first mid-morning report concerned Leon Brittan, the Trade and Industry Secretary.

In the mid-afternoon, talk of the US Federal Reserve rejecting the idea of a co-ordinated move to lower international interest rates swept markets.

Against this backdrop, a further easing in commercial money market rates failed to entice investors to any marked extent.

The two main indices reclaimed fresh ground but the FT Ordinary share index after rising 7.5 to 1117.1 eased back to stand only 1.7 up at 1115.4.

GRE bought
For the first time in months, takeover speculation was rife among composite insurers.

pending major acquisition, encountered profit-taking and dropped 23 points to 477.5.

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GRE bought
For the first time in months, takeover speculation was rife among composite insurers.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Sec., Ordinary, Gold Mines, etc. with values for Jan 16, 17, 18, 19, 20, 21.

HIGHS AND LOWS

Table with columns for High and Low values for various indices and sectors.

S.E. ACTIVITY

Table showing activity for various sectors: Govt. Sec., Fixed Int., Ordinary, Gold Mines.

Greenwich Cable added 3 to 26p reflecting the company's diversification plans.

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Turner & Newall up
Leading miscellaneous industrial presented a mixed appearance.

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and strong gains throughout other gold and precious metal related areas of mining markets.

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EQUITIES table listing various stocks like Abbott Mead, Cable & Wireless, etc. with prices and changes.

FIXED INTEREST STOCKS table listing various bonds and fixed interest securities.

RIGHTS OFFERS table listing various rights and offer details.

NEW HIGHS AND LOWS FOR 1985/86 table listing high and low points for various stocks.

RISES AND FALLS YESTERDAY table listing daily price movements for various sectors.

Advertisement for Danish companies: "What's special about these Danish companies?" listing various firms like A&B Bank, etc.

Advertisement for European Options Exchange: "They are all regular readers of the FINANCIAL TIMES • European Edition"

YESTERDAY'S ACTIVE STOCKS table listing active stocks from the previous day.

WEDNESDAY'S ACTIVE STOCKS table listing active stocks for Wednesday.

EUROPEAN OPTIONS EXCHANGE table listing options trading data.

LONDON TRADED OPTIONS table listing options traded in London.

LONDON TRADED OPTIONS table listing options traded in London.

LONDON TRADED OPTIONS table listing options traded in London.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, and others. Columns include country, date, price, and change.

CANADA

Table of Canadian stock market data, including Toronto and Montreal indices and individual stock prices.

NEW YORK

Table of New York stock market data, including NYSE and NASDAQ indices and individual stock prices.

OVER-THE-COUNTER

Table of over-the-counter stock market data, including various stock prices and market activity.

LONDON

Table of London stock market data, including FTSE 100 index and individual stock prices.

Advertisement for 'Get your News early in Stuttgart' with contact information for the Financial Times.

Advertisement for 'ATHENS FINANCIAL TIMES' with subscription information and contact details.

Prices at 3pm, January 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and other financial metrics.

Continued on Page 45

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from Page 44' and 'Over-the-Counter'.

AMEX COMPOSITE PRICES

Prices at 3pm, January 16

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

Advertisement for Hotel Sofitel featuring the text 'It's attention to detail that makes a great hotel chain...' and 'World value of the pound every Tuesday in the FINANCIAL TIMES'.

Continued on Page 43

